FINANCIAL TIMES

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WORLD NEWS

Teachers' employers move on pay

The teachers' pay dispute entered a new, and political, phase yesterday, when the employers' Labour leader, Nicky Harrison, used her casting vote to drop the conditions the Government wanted attached to any settlement.

The Burnham pay negotiating committee had earlier split evenly along party political lines.

As a result, the employers have accepted the teachers' demand that their 1985 claim must be settled before talks start on reforming salary and career structures and on tighter contracts. Back Page

Notts miners plan

The breakaway Nottinghamshire area of the miners' union is to hold separate pay talks with the coal board. Back Page.

Russians leave Beirut

The Soviet embassy in Beirut evacuated many staff and residents following the death of its kidnapped consular secretary. The underground Islamic Jihad group said it had killed a U.S. diplomat. Page 2

Hopes for sanctions

Commonwealth Secretary-General Shridath Ramphal said the Sir group would try to agree on sanctions against South Africa at its Bahamas meeting this month. Page 2

Phone bills to rise

British Telecom plans to raise charges for most inland telephone services by an average 3.7 per cent from the start of next month. The Telecommunications Users' Association called the rise unjustifiable. Page 4

Labour MP dies

Tyne Bridge Labour MP Harry Cowans died, agted 52. He won an 11,693 majority in the Newcastle seat in the 1983 election. Conference report, Back Page and Page 5. A Mori opinion poll in The Times gives Labour 136 per cent, a two-point lead over the Conservatives, with 28 per cent for the Alliance.

Ballot cash vote

The electricians union EETPU is to ballot members on accepting government money for ballots at the same time as the engineering union AUEW next month. Page 5

Mitterrand accused

French President François Mitterrand knew of a plan to immobilise the Creenpeace ship Rainbow Warrior a month before it was sunk, the Paris newspaper Le Figaro said.

Palme cabinet grows

Re-elected Swedish Premier Olof Palme appointed his country's first Environment Minister and Wages Minister in a move to reshape his minority government. Page 2

Migrant control 'crisis'

Staff shortages have reduced the UK's immigration control system to a state of crisis, an immigration officers' union said. Page 4

Tunis clamp on demos

Tunisian authorities have banned all meeting or protesta against Israel and the U.S. which opposition parties have tried to organise. Page 2

Moslems protest

Moslem fundamentalists called a strike in Calcutta in protest at a court decision granting alimony to a divorced Moslem woman.

War crimes sentence

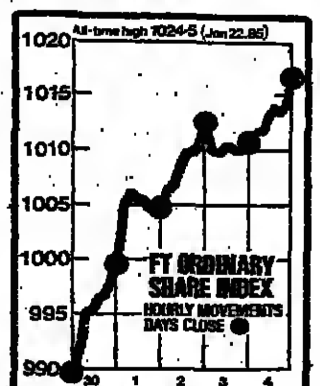
A court in Hagen, West Germany, jailed former Nazi sergeant Kurt Frenzel for life for complicity in the murder of 150,000 people at the Sobibor death camp in Poland.

BUSINESS SUMMARY

Saudis give oil output assurance

SAUDI ARABIA assured other members of Opec that its oil output for the last quarter of this year would be about 3.5m b/d, rather than its full 4.5m b/d quota. Back Page

FT ORDINARY Share Index extended a gain of 3.1 at 3 pm to one of 5.6 at the close of



1,016.5, following a bout of late speculative activity. Over the week the rise was 26.9. Page 12

NATIONAL INSURANCE rating structure designed to encourage employers to take on more low paid staff comes into operation next week. Page 3

INTERNATIONAL THOMSON Organisation is proposing a new deal to publisher Robert Maxwell over the sale of the Thomson Withy Grove printing plant in Manchester. Page 4

LIVERPOOL City Council is continuing attempts to borrow on the money markets while awaiting a decision by the Public Works Loan Board on whether to resume lending to the authority. Page 4

BRITANNIA Building Society plans to issue £75m floating rate notes due in 1993. The fully-underwritten issue is being lead managed by Hambros Bank.

THORN-EMI Screen Entertainment executives are planning a management buy-out of the division, which includes Elstree Studios, cable TV, cinemas and a 40 per cent stake in Thames Television.

FORD UNIONS submitted a four-point claim, including a 15 per cent increase in basic rates. Page 5

ARGENTINE inflation fell to 2 per cent in September, the lowest monthly figure since August 1974. Page 2

U.S. UNEMPLOYMENT rose slightly in September to 7.1 per cent as the nation recorded its biggest one-month loss of manufacturing jobs since the 1981-82 recession. Page 2

NBC, a leading U.S. television network, is to pay a minimum of $300m (£212m) for the U.S. rights to broadcast the 1988 summer Olympics in Seoul, South Korea. Page 2

BELL RESOURCES, offshoot of entrepreneur Robert Holmes a Court's Bell Group, disclosed a major stake in Broken Hill Proprietary, Australia's largest company. Page 9

FIAT, private Italian industrial group, said talks on merging its car-making subsidiary, Fist Auto, with Ford Europe had run into difficulties. Page 9

LYLE SHIPPING returned an attributable interim profit of £4.86m, compared with a £6.11m deficit, but its chairman said prospects for the next six months remained gloomy for operating profit. Page 8

HOME COUNTIES Newspapers, publisher of local weeklies in the South-east, is cutting 160 jobs among measures to stem losses which hit its performance in the first half of the year. Page 8

BURROUGHS, Detroit-based mainframe computer group, saw its shares fall sharply after it said it expected to report much lower third-quarter earnings. Page 9

Mitterrand rejects Soviet proposal for direct arms talks

BY DAVID HOUSEGO IN PARIS

PRESIDENT Francois Mitterrand yesterday rejected tha Soviet proposal that France, along with Britain, should enter into direct negotiations with Moscow over the size of their nuclear forces.

At a joint press conference in Paris with Mr Mikhail Gorbachev, the Soviet leader, M Mitterrand said France had practically no intermediate range forces and therefore he did not see the point of a discussion.

Civing the first official French response to the proposal that Mr Gorbachev launched on Thursday together with other arms control initiatives, M Mitterrand said France's problem was to remain "above the minimum threshhold of credibility" in the size of its nuclear forces and thus had no leeway for negotiations.

The press conference was the first in which a Soviet leader has taken part since Mr Nikita Khruscbev's fall in 1964. Mr Gorbachev used it as he did his speech to the National Assembly on Thursday to put across to Western public opinion the Soviet Union's seriousness in wanting to renew the process of detente and disarmament.

In a clear reference to the U.S., he said it was an act of "political demagoguery" to declare broad support for a better world but not to take practical steps to reduce armaments.

Mr Corbachev reacted icily to questions about Jewish immigration from the Soviet Union and the situation of Mr Andrei Sakharov, the Soviet dissident —though in France concessions by Moscow over human rights would do more than any other gesture to swing public opinion in its favour.

Mr Corbachev also reacted angrily to a question about Mrs Margaret Thatcher's recent expulsion of 31 Soviet citizens from Britain after being accused of spying. He condemned it as an act "which spoils relations . . . and undermines the forces of detente."

Through most of the press conference, however, Mr Corbachev showed himself impressively at ease and a master of the occasional humorous aside. "Neither the President nor I have tried to persuade each other to switch political faith," he said.

Despite M Mitterrand's rebuff on negotiations Mr Gorbachev insisted on the value of opening a dialogue on nuclear force levels. "We are just saying let us start talks."

French officials believe that the Soviet determination reflects a desire to give fresh impetus to negotiations on intermediate range weapons.

The Soviet delegation fought until the last moment for a joint communique which would in effect have brought into the open the differences between France and the U.S. over the U.S. Strategic Defence Initiative (SDI). While M Mitterrand rapeated that France would not participate in SDI, he used other occasions to stress the strength of France's ties with the Western alliances.

Confirming that tha Soviet Union had cut the number of SS-20s stationed in Europe to 243, Mr Gorbachev denied that those which had been taken out of servica had been shifted to Asia. "We already have the number of missiles we need (in Asia) to balance the U.S.," he said.

His icy replies to questions over human rights followed pressure from M Laurent Fabius, the French Prime Minister and M Jacques Chirac, the Mayor of Paris.

M Fabius handed him a list of human rights cases on which the French were seeking action. At the press conference, Mr Gorbachev said these cases,

Continued on Back Page
Howe cautions, Page 2; No Star Wars compromise, Back Page

Reagan backs plan to end budget deficit by 1991

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT REAGAN yesterday gave his enthusiastic backing to a scheme to eliminate the U.S. budget deficit over the next five years.

The plan would legally require deficit reductions of equal amounts each year until the budget was brought into balance in the 1991 fiscal year, which begins in October 1990.

Formally endorsing the plan yesterday, President Reagan called it "dramatic and responsible." The proposal is the brain-child of two Republican Senators, Mr Phil Gramm, of Texas, and Mr Warren Rudman, of New Hampshire. It is sponsored by over 40 of the 100 Senators, including some Democrats.

"If Congress co-operatea and passes this legislation, we can send a clear and compelling message to the world that the U.S. is not only going to pay its bills—we're going to take away the credit cards," Mr Reagan said. "From now on, it will be cash and carry."

The plan, as currently conceived, would mandate a reduction of roughly $36bn (£25.4bn) a year in the deficit, estimated at $180bn (£127bn) in the 1986 fiscal year. It would reach zero in the 1991 fiscal year, when the deficit, under current estimates, would otherwise stand at about $100bn.

To enforce the guidelines, the President would not be allowed to submit, nor Congress to consider, budgets with deficits above the prescribed limits for each year. If projections subsequently showed that the limits were going to be broken, the President would be required to make across-the-board spending cuts, excluding only social security, to bring the deficit back into line. Mr Reagan welcomed the prospect of enforcing budget discipline by spending cuts rather than tax increases.

The plan, however, does not rule out tax increases. Congress could avoid the automatically decreed presidential cuts if the limits were about to be exceeded, by coming up with its own alternative deficit reduction plan. That could include spending cuts and/or tax increases

Its supporters sought to attach the scheme as an amendment to legislation raising the nation debt ceiling to above $2 trillion (million, million) for the first time. It has to be approved by Monday, to keep the U.S. Government in funds.

Last night, however, the legislation ran into a road block in the Senate, after Senator Robert Byrd, the Democratic minority leader, complained that Democrats had not had enough time to analyse the budget plan's implications. The Democrats would not "buy a pig in a poke," he said.

Senator Robert Dole, the Republican majority leader, who earlier predicted that the plan would "sail through" the Senate, yesterday attacked the Democrats for trying to block real budget reform just as it was "about to go over the goal line."

The situation remained confused last night, with Mr Dole threatening an unpopular weekend Senate session to continue debate and bring the issue to a vote.

It was becoming increasingly clear however, that Democrats, both in the Senate and the House, were beginning to have second thoughts about where the budget reduction stampede might carry them.

U.S. jobless figures, Page 2

Ruling on grants dismays DoE

BY RICHARD EVANS

MINISTERS could be forced to introduce emergency legislation to avoid paying out millions of pounds in extra grants to local authorities, following a Court of Appeal ruling that the system for fixing council spending penalty limits is illegal.

The ruling has dismayed Department of Environment ministers and officials. It could undermine the Government's whole strategy of setting financial targets and imposing penalties on local authorities.

The department's first reaction will be to appeal to the House of Lords. If Thursday's ruling is not overturned, emergency legislation is virtually certain.

At least a dozen shire and district councils in England and Wales are expected to contest the basis of their funding following the ruling in favour of Bradford City Council and Nottinghamshire County Council. The two authorities had appealed against the refusal by a High Court judge last March to quash the calculation methods. Nottinghamshire expects to receive an extra £17m in grant which had been withheld, and Bradford £7m.

The ruling could undermine the basis for levying all penalties in 1985-86, amounting to £400m, including those placed on Liverpool for overspending Government targets. It could result in Liverpool City Council being let off the hook in its budget confrontation with the Government.

There is also the possibility, according to some local authority lawyers, that the ruling could call into question all the Government's decisions on targets and penalties since 1982. This could mean the repayment of more than £1bn.

The relevant powers are operated under the 1982 Local Government Finance Act which allows the Government to set financial targets and levy penalties. The idea was to reduce the budgets of free-spending councils, which are mostly, but not exclusively, Labour-controlled.

A key element in the Appeal Court ruling is that any measures should be framed "by reference to principles applicable to all local authorities." The judges found that the legislation meant severe reductions in tha targets of some councils while it left others unscathed. It was therefore judged to be discriminatory and unlawful.

The Association of Metropolitan Authorities, which is Labour-controlled, was clearly delighted. "The judgment is so fundamental that it casts doubt on all the Government's actions in penalising local authorities since 1982," the association said.

The timing of the judgment is particularly bad for the Government and for Mr Kenneth Baker, the Environment Secretary, coming just days before the Conservative Party conference in Blackpool next week.

It is the fourth time this year that ministers have been judged to have acted illegally. Two earlier cases, relating to the Greater London Council involved ministers not agreeing to a ban on heavy lorries, and their request for funds to run London Transport. In another case Mr Norman Fowler, Minister for Health and Social Security was found to have exceeded his powers in the matter of board and lodging regulations for the unemployed.

World Bank and IMF prepare aid plan for Mexico

BY STEWART FLEMING AND JUREK MARTIN IN SEOUL

THE International Monetary Fund and the World Bank yesterday began assembling an emergency disaster aid loan package for Mexico, likely to be worth between $1bn and $2bn (£1.4bn).

The board of the IMF debated, apparently without dissent, activating its emergency systems facility, which could provide Mexico with $300m in aid. At the same time, Mr A. W. Clausen, the World Bank president, said the bank also had a team in Mexico whose report would form the basis for additional assistance, possibly in excess of $1bn.

Meanwhile, Mr James Baker, the U.S. Treasury Secretary, who arrives in Seoul today for the IMF-World Bank annual meeting, has indicated that the U.S. will propose a broader programme of World Bank lending, principally aimed at helping Latin American countries to cope with crippling debts.

In an interview with reporters as he travelled to South Korea, Mr Baker said he planned to unveil a comprehensive initiative which would build on the so-called case-by-case approach to the debt crisis.

He said his programme would take into account the fact that the IMF was never envisaged as playing the role of a long-term structural adjustment lender. "Perhaps there is a greater role for the World Bank," he said.

Mr Baker's initiative appears to be a further sign of new U.S. willingness to accord the World Bank a wider role in boosting growth in developing countries.

One possibility appears to be World Bank guarantees for a proportion of such increased loans, coupled with stiffer conditions to encourage recipient countries to undertake radical reforms.

The IMF board meeting was convened at Mexico's request. The emergency assistance programme has mostly been used by small island nations hit by hurricanes.

It provides aid of 25 per cent to 50 per cent of a member's quota with the IMF (Mexico's quota is $1.2bn) and does not, at least initially, involve any conditions.

Mexican officials, it is understood, made clear that the country's request was linked to a broader desire to reach agreement with the IMF on a new standby loan.

Mr Clausen said some existing bank project loans, including a recently signed $300m low-income housing scheme, could be redirected and that "several hundreds of millions of dollars" in additional reconstruction money could also be made available.

Officials in Seoul concede that the course of this annual meeting and of the IMF's policy-making interim committee tomorrow and Monday depends on what Mr Baker has to say.

This sense of anticipation is heightened by the widespread view that he is willing to run political risks at home in the interests of furthering the cause of international economic and monetary co-operation — a marked contrast to the first four years of the Reagan Administration.

On the agenda are U.S. proposals for a $5bn joint IMF-World Bank lending facility for sub-Saharan Africa, the size and timing of the World Bank's next general capital increase, a review of access limits to the IMF loans, and calls from developing countries for an additional allocation of the IMF's special drawing rights.

$ falls against D-Mark

BY PAUL TAYLOR IN NEW YORK

THE DOLLAR fell against the West Cerman currency in New York last night, shedding more than the gains made during London trading.

Behind the drop was continued speculation that the U.S. Federal Reserve Board had intervened in the market to depress the dollar on Thursday, coupled with employment figures which led some economists to scale back their estimates for third quarter U.S. gross national product.

The decline came as it emerged in Seoul, South Korea, that central bank intervention to depress the dollar had totalled $3.5bn (£2.5bn) in the 10 days after the five major industrial nations agreed to act in concert to push the U.S. currency lower.

The dollar finished in New York at DM 2.609, having gained 1.3 pfennigs in London to DM 2.632. The U.S. unit also fell against the other main European currencies, although it made up some slight ground against the Yen, against which it had suffered in recent days.

U.S. dealers saw the continuing fall as significant given that without Fed intervention, many in the market had been sceptical

Continued on Back Page

WEEKEND FT

SHOE WAR

A bitter feud between two brothers led to the foundation of Adidas and Puma.

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FINANCE

House insurance has many pitfalls for the unwary. Eric Short gives advice on reading the small and not so small print.

Page IV

CARIBBEAN

Arthur Sandles describes the attractions and delights of these varied islands in the sun.

Page XI

FURNITURE

Young designers are making superb new pieces which may turn out to be tomorrow's classics, says Lucia van der Post.

Page XV

MARKETS

DOLLAR

New York
DM 2.609 (2.621)
FFr 7.976 (8.095)
SwFr 2.1485 (2.14)
Y213.9 (212.4)
London:
DM 2.632 (2.619)
FFr 8.035 (7.9925)
SwFr 2.1605 (2.1435)
Y218.4 (212.6)
Dollar Index 130.0 (130.7)
Tokyo close Y211.9

U.S. CLOSING RATES

Fed Funds 7 11/16% (7 1/4)
3-month Treasury Bills:
6.96% (same)
Long Bond: 100 3/4 (100 11/32)
yield: 10.61 (10.6)

GOLD

New York: Comex Dec
$332.2 ($333.95)
London: $327.75 ($329.25)

STERLING

New York $1.42475 (1.4275)
London: $1.415 (1.426)
DM 3.725 (3.735)
FFr11.37 (11.3975)
SwFr 3.0575 (3.055)
Y302.0 (303.25)
Sterling index 79.6 (80.2)

LONDON MONEY

3-month interbank:
closing rate 11 1/2% (same)
3-month eligible bills:
buying rata 11 1/4% (same)

STOCK INDICES

FT Ord 1016.5 (+5.6)
FT-A All Share 637.94 (+0.6%)
FT-SE 100 1313.0 (+7.7)
FT-A long gilt yield index:
High coupon 10.19 (10.25)
New York
DJ Ind Ave 1,328.74 (−4.37)
Tokyo:
Nikkei Dow 12,713.83 (+12.97)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 8.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway [illegible]

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U.S. diplomat 'executed' by Lebanese group

BY NORA BOUSTANY IN BEIRUT

AN ISLAMIC faction announced the execution of a U.S. diplomat early yesterday as the Soviet embassy evacuated non-essential staff and residents following a bomb threat and the assassination of its kidnapped consular secretary.

The underground Islamic Jihad organisation claimed in an ambiguous statement to a news agency and two local newspapers that U.S. political officer William Buckley, 56, would be killed to avenge the Israeli raid against Palestinian headquarters near Tunis.

The shadowy group, which claims it is holding six Americans and four Frenchmen kidnapped in Beirut, distributed a recently taken colour photograph of Mr Buckley, adducted at gunpoint in Moslem-held West Beirut in March last year.

Islamic Jihad described Mr Buckley as a spy and chief of the Central Intelligence Agency in the Middle East and its Beirut station.

A typewritten statement said: "We announce . . . the execution of . . . the spy William Buckley (following the release of this communiqué) after his trial and conviction for participating in CIA crimes. . ."

U.S. embassy officials said they were taking the factions statement seriously but did not know "what to make of it."

"The fact that no body has been found means there may be some hope the poor man is still alive," one senior official said. The statement made no reference to the fate of five other U.S. hostages.

The official said it had been assumed that Mr Buckley was somewhere in Lebanon, before this latest communique.

As confusion reigned over the veracity of Islamic Jihad's latest claim, a convoy of three buses, two trucks and carloads of armed Lebanese militiamen pulled out of the Soviet embassy compound yesterday with 70 to a 100 Soviet women and embassy personnel.

A threat by the Islamic liberation organisation, which has claimed responsibility for the kidnapping of the four Soviet officials and the assassination of Soviet consular secretary Arkady Katkov, to demolish the Soviet embassy prompted the Moscow order to pull out.

A number of diplomats stayed behind, however, including Mr Yuri Souslikov, the Soviet charge d'affaires, who supervised the evacuation.

Owen urges Moscow to act on Mideast peace

BY TONY WALKER IN CAIRO

DR DAVID OWEN, leader of the Social Democrat Party, yesterday called for direct Soviet involvement in the Middle East peace process and proposed a three pronged approach to outstanding issues.

Dr Owen, who has visited Syria, Jordan, Israel and Egypt in the past week, said it was vital that Moscow participated in the peace efforts. Progress would be impossible without its assistance.

Dr Owen, a former foreign minister, suggested that President Ronald Reagan and Mr Mikhail Gorbachev at their November summit in Geneva, commit themselves to a search for Middle East peace under the auspices of the United Nations.

His plan calls for three separate and direct negotiations on Middle East peace. These would deal with disputes between Israel and Syria over the Golan Heights, between Israel and a Jordanian-Palestinian delegation over the occupied West Bank and Gaza, and between Israel and Egypt over Taba—a tiny strip of contested territory in the Sinai.

The Middle East problem should be elevated to number two position on the agenda for the Reagan-Gorbachev talks following the Israeli raid on Tunis, which Dr Owen condemned.

Tunis police halt protest

BY FRANCIS GHILES IN TUNIS

TUNISIAN POLICE yesterday dispersed thousands of demonstrators who staged a brief rally at the U.S. Embassy in Tunis to protest at Tuesday's attack by Israel on the headquarters of the Palestinian Liberation Organisation.

Police were deployed in force to prevent opposition parties organising a planned march on the embassy. Elsewhere, small groups of demonstrators roamed the capital chanting anti-American and anti-Israeli slogans but were quickly dispersed.

The authorities have banned a mass funeral for the 12 Tunisians killed in the raid, for fears of disturbances. The bodies of most of the 60 Palestinians who died are expected to be flown to Jordan.

Security at the U.S. Embassy in Tunis has been tightened and diplomats are using hired cars rather than official vehicles.

Palme creates new posts in Cabinet reshuffle

BY KEVIN DONE IN STOCKHOLM

MR OLAOF PALME, the Swedish Prime Minister, yesterday appointed the country's first Environment Minister in a cautious step to reshape his minority Social Democratic Government in the wake of last month's general election.

He has also created the post of Wages Minister, with the appointment of a deputy Finance Minister with Cabinet rank, responsible for overseeing pay policy in the public sector. The new minister will also be responsible for policy-making in the banking and insurance sector, and will oversee competition policy.

Mr Ingvar Carlsson, one of the Social Democrats' leading party strategists becomes Minister of the Environment. He already combines the roles of deputy Prime Minister, the country's so-called Minister of the Future and the Minister responsible for co-ordinating research and development policies.

The appointment of Mr Bengt K. Johansson, currently Under-Secretary of State in the Finance Ministry, to the post of Wages Minister underlines the serious problems facing the Government in the looming national pay talks.

NBC to pay $300m for Olympic TV rights

By Paul Taylor in New York

NBC, one of the three major U.S. television network groups, is to pay a minimum of $300m (£214m) for the U.S. television rights to broadcast the 1988 summer Olympics in Seoul, South Korea, in a deal which, for the first time, links the final price NBC will pay to advertising revenues.

But the base fee is less than half the $750m originally sought by the organisers and could signal an end to the rapid escalation in Olympic broadcasting fees over the past decade.

The terms of the NBC agreement include a novel revenue-sharing clause which could boost the final fee to $500m if advertising revenues are strong.

However, Wall Street analysts and television industry executives suggested yesterday that, based on the currently soft advertising market and other factors, it is unlikely NBC will end up paying much more than the $300m minimum.

NBC, a subsidiary of RCA, the U.S. electronics, broadcasting and entertainment group, outbid arch rivals CBS and Capital Cities' ABC network for the broadcast rights. But television industry executives suggested that the bidding by all three was somewhat lukewarm.

The general low level of bids is seen as a reflection of growing concern among the U.S. networks about the costs of broadcasting such events, the risks entailed and doubts about potential audience size and advertising revenues.

Among other concerns industry experts pointed to the 14 hour time difference with South Korea, limiting the number of major events that can be seen live during peak viewing hours, the possibility of a boycott like those that robbed both the Moscow and Los Angeles Olympics of top competitors, and the saturation of sports programming.

Industry analysts have pointed out that as Olympic fees have soared the risks have also grown dramatically. They note that ABC lost $25m on the 1976 Montreal Olympics, and NBC, which paid $87m for the 1980 Moscow Olympics, lost $34m when the U.S. boycotted the games.

Some television executives have suggested that the final deal with NBC—which breaks the stranglehold ABC has held over the summer Olympics since 1964—was designed to be a "face-saver" for South Korea which plans to spend $1bn on the games and will be able to point to the revenue-sharing agreement as justification for the low minimum fee.

Boeing probe ordered

Federal regulators yesterday ordered U.S. airline companies to inspect their older Boeing 727 aircraft for possible cracks in a rear bulkhead. Reuter reports from Washington.

The Federal Aviation Administration (FAA), which regulates the commercial aviation industry, said it ordered the special inspections after finding cracks in the rear bulkhead of two airplanes.

EEC waste plan

Legislation to prevent EEC member states from exporting dangerous waste products to third countries unequipped for their disposal, was proposed by the European Commission yesterday, writes Ivor Dawnay.

The aim of the new rules is to bring the EEC into line with a commitment made by environment ministers at the Organisation for Economic Co-operation and Development

Ramphal hopeful of sanctions deal

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

SIR Shridath (Sonny) Ramphal, the Commonwealth Secretary-General, said yesterday he was more optimistic that Britain and the other Commonwealth countries would be able to reach a compromise on sanctions against South Africa at their heads of government meeting in Nassau from October 16 to 22.

Sir Sonny, who had previously forecast a clash between Mrs Margaret Thatcher, the British Prime Minister, and her colleagues, forecast at a luncheon of the Diplomatic and Commonwealth Writers' Association that "we have a fair chance of getting it right at the end of the day."

He did not believe that the gap on sanctions was as wide as it had been at previous Commonwealth Prime Ministers' conferences.

The Commonwealth Secretary-General was echoing the more positive mood about the chances of bringing Britain into line with other members on South Africa, expressed by Bishop Desmond Tutu of Johannesburg in London on Thursday. Following a lengthy meeting with Mrs Thatcher, Bishop Tutu said that he, too, was "slightly more hopeful," but conceded that the Prime Minister was still very firm in opposing economic sanctions.

Sir Sonny reiterated his previous statements that no-one in the Commonwealth was talking about a "trade embargo" against South Africa. What Britain's partners, including the "old" members of the Commonwealth such as Australia and Canada, were looking for was agreement on a number of "selective" economic sanctions.

These measures might include a ban on the sale of Krugerrands, such as the U.S. had already decided, a suspension of civil air links with South Africa, a ban on imports of South African agricultural products and a halt to future bank loans and investments.

In his binannual report, which will be submitted to the Commonwealth Heads of Government in Nassau, the Secretary-General deplored the growing attacks on multilateralism, which was "another word for international co-operation," and international institutions.

The trend towards bilateralism had been confirmed and, among the strongest, a tendency towards authoritarianism was emerging. "The notion of each country to itself and for itself, coupled with an over-zealous faith in the working of the market place, has frustrated world-wide recovery," Sir Sonny said.

Aid remained stagnant and multilateral institutions were being denied the resources required for an adequate response to the critical problems facing the developing nations.

Sir Sonny was particularly critical of what he saw as the current philisophy underlying the actions of the International Monetary Fund and the World Bank. "The IMF has been turned into a gendarme policing the behaviour of developing countries in distress, but with no control over policies elsewhere which deepen such distress," he said.

Over the next three years, sub-Saharan African countries were likely to be transferring to the IMF $1bn (£714m) more than they receive from it. Priority must therefore be given to the writing-off of aid debt for the poorest and greater concessionality in the restructuring of other official and commercial debt.

Moscow military exercise move welcomed

BY DAVID BROWN IN STOCKHOLM

THE SOVIET UNION yesterday detailed its readiness to negotiate procedures requiring both Nato and the Warsaw Pact to give advance notice of military manoeuvres. The move, announced at the European Security Conference in Stockholm was described by delegates as a significant step forward.

The timing coincides with Thursday's arms control policy address by Mr Mikhail Gorbachev, the Soviet leader, in Paris and intensive work in Stockholm on agreeing a new negotiating structure. This would permit drafting to begin on a concluding document before the November U.S.-Soviet summit in Geneva.

This is the first time the Soviet Union has agreed to take up the advance notification proposal, which was initiated last year by Nato and adopted by the nine neutral and non-aligned states.

The 35-nation conference has been negotiating since January 1984 so-called "confidence and security building measures" (CBMs) aimed at reducing the risk of war breaking out on the Continent because of accident or miscalculation.

The positions of Nato and the Warsaw Pact remain well apart but Moscow has now placed high level priority on making progress on the issues being discussed in Stockholm, delegates say.

In his address yesterday, Mr Oleg Grinevski, the Chief Soviet delegate, said the Soviet Union was prepared to negotiate the exchange of an annual calendar of military movements on "land, sea and air space" adjoining Europe.

The proposal is broader than those aired by Nato and the non-aligned states, both of which are restricted to land-based manoeuvres in Europe.

The inclusion of sea and air space is seen by the West as an unacceptable attempt to extend the talks' mandate. Moreover, both sides remain divided on such issues as the threshold requiring prior notification, observation methods and verification.

Western proposals call for a "significant expansion" of such specific CBMs.

But the move marks a departure for the Soviet Union which has so far emphasised "declaratory measures" as a mutual renunciation of the first use of force.

It may be seen as an indication of Moscow's willingness to improve the tone of U.S.-Soviet relations despite the difficult negotiations on strategic arms which lie ahead.

Howe cautious on Soviet offer

BY RUPERT CORNWELL IN BONN

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday welcomed the arms cuts proposals by Mr Mikhail Gorbachev, the Soviet leader, but reacted cautiously to his offer of separate negotiations with Britain and France on medium range missiles.

London had as yet received no formal communication building on the arms control initiative unveiled by Mr Gorbachev in Paris on Thursday, Sir Geoffrey told a press conference after talks with West German Government leaders.

Britain had "never said never" to the idea of cuts in its nuclear arsenal. But only after the U.S. and the Soviet Union had made deep cuts in their own stockpiles could the UK consider a review of its position.

London remained determined to secure a reduction in nuclear weapons' stocks, "but without putting its own national security at risk."

He referred to the "huge difference in scale" between the nuclear arsenals of Britain and France and the massive resources of the two superpowers. The former represented only 2½ to 3 per cent of the total.

But he did take heart from the fact that the Soviet Union had apparently taken heed of his advice to Mr Eduard Shevardnadze, his Soviet opposite number, to switch from "firing rhetorical missiles" to responding to U.S. proposals. The initiative should be welcomed but obviously raised a range of questions.

● Mrs Thatcher will be meeting President Ronald Reagan for talks in New York on October 24 before the November summit between Mr Reagan and Mr Gorbachev.

It will be Mrs Thatcher's first opportunity to discuss with Mr Reagan the Soviet Union's arms initiative. The "pre-summit summit" will also be attended by Italy, West Germany, Canada and Japan.

Howe . . . cautious response

U.S. jobless rate edges higher

BY NANCY DUNNE IN WASHINGTON

THE U.S. unemployment rate edged up slightly in September to 7.1 per cent as the nation recorded its biggest one-month loss of manufacturing jobs since the depths of the 1981-82 recession.

According to the U.S. Labour Department, civilian employment, totalling 107.5m last month, increased by 370,000 but job gains in the service-producing sector were unable to compensate for the loss of 110,000 factory jobs and the number of new workers who entered the labour force.

The White House, however, claimed the employment gain "is quite significant and, if projected at a 12 month rate, would add a total of 4.5m to employment per year."

The 0.1 per cent rise in the unemployment rate, meaning 8.3m are unemployed, follows an 0.3 per cent drop recorded in August, when the economy appeared to be making progress on the jobs front. The unemployment rate had been stuck at 7.3 per cent from March to July.

Manufacturing job losses were especially evident in the durable goods industries, particularly cars, machinery and electrical and electronic industries. Imports were still taking their toll, and employment in the car industry was hurt by strikes and seasonal change-overs to 1986 models.

Reagan helps slow protectionist drive

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Reagan's recent trade initiatives seem to have taken some steam out of the campaign to push protectionist legislation through Congress.

A measure, which would cut textile and apparel imports from three countries and put shoe quotas into effect, is expected to reach the Senate floor next week.

The Bill, mistakenly reported in London to have already passed the Senate, is still expected to gather enough support for passage, but some of its 55 co-sponsors are said to be having second thoughts.

The Senate measure, attached to a foreign policy Bill on Micronesia, has been considerably diluted from the original protectionist proposal, which would have targeted 12 countries for textile and apparel import reductions.

However, Mr Clayton Yeutter, the U.S. Trade Representative, has been marshalling the Administration's forces against even this scaled-down proposal.

The revised legislation is "a clearcut violation of U.S. international obligations under Gatt and the multifibre arrangement," Mr Yeutter said in a policy position paper to Congress. It poses a serious threat to American exports through retaliation and would impose "a multi billion dollar burden" on American consumers.

Argentina's inflation rate drops to 2%

By Jimmy Burns

ARGENTINA'S inflation rate fell to 2 per cent in September, the lowest monthly figure since August 1974, providing a welcome boost to President Raul Alfonsio's Government in the run up to key mid-term parliamentary elections in November. The figures were confirmed on Thursday by the National Institute of Statistics.

Argentine inflation has slowed significantly since the imposition in June of a prices and wages freeze, a tough monetary and fiscal policy, and sweeping currency reforms.

From a monthly rate of 30 per cent before the anti-inflation package was introduced the rise in consumer prices fell to 6 per cent in July and 3.1 per cent in August. Argentina's inflation rate during the last 12 months has fallen to 640.2 per cent from an annual rate of more than 1,000 per cent earlier this year. Officials believe they are in line to reach their target of 150 per cent annual inflation by March 1986.

The Government is expected to use the latest figures to reinforce its popularity.

Gorbachev mingles with robots and guards

By Paul Betts in Poissy

"MR GORBACHEV is not only a head of state but also seems to be a good technician of the automobile industry," said M Jacques Calvet, chairman of France's private Peugeot car group, yesterday after greeting the Soviet leader at his large Talbot car plant at Poissy, near Paris.

It was Mr Gorbachev's only visit outside the capital during his four-day state visit to France. And although the Soviet leader arrived late, he lingered awhile in the newly refurbished Talbot plant inspecting robots and other automated manufacturing systems amid a crowd of rough security officers and journalists.

It has become a tradition of Soviet state visits to France for the Soviet leader to spend some time in a French car plant.

Mr Nikita Krushchev visited the nearby Renault plant of Flins more than two decades ago where he was given a Renault Dauphine by the state-owned car group. Peugeot did not offer Mr Gorbachev one of its new 309 models because, as a company official remarked: "I don't think you can buy Mr Gorbachev with a car."

It seems that the Russians originally wanted to visit Renault's Sandouville plant near LeHavre. But the state group refused because it claimed the plant was being prepared for the launch of the new Renault 19 medium-sized car and that the company wanted to keep the project secret.

The Soviets opted for the new Talbot plant which has now become a showcase for Peugeot, although two years ago it was in the thick of one of violent labour clashes, which led to the Talbot marque to be dropped by Peugeot in France, although it is used abroad.

At its peak, Poissy employed more than 20,000, but since then the work force has fallen to 12,300.

Mr Gorbachev appeared especially interested in the retooling of the plant with robots—ironically 70 per cent of which are manufactured by the rival Renault group. Indeed, the Soviet Union is about to order FFr 400m (£35m) worth of Renault robots for its Moskvitch plant near Moscow.

Mr Gorbachev took the wheel of a 309, and was somewhat upstaged by the attractive figure of Mme Edith Cresson, the French Industry Minister.

He was not allowed to drive off in the car because his security services insisted he use the same bullet-proof car throughout his visit.

The 35 km route from the Elysee Palace was lined with policemen and gendarmes, but there were surprisingly few people watching the long motorcade, and at the plant itself only a few assembly line workers wondered and watched.

Mr Gorbachev questioned some workers as to what it was like working in the plant. He later told a journalist that "the general aesthetic impression of a capitalist factory is not bad."

For Peugeot, the visit of the Communist leader was something of a publicity coup.

Although Mr Gorbachev was expected in the words of a Western diplomat "to do a Khrushchev" in his first state visit to the West since becoming head of the Soviet Communist Party, the visit did not turn out to be the media event everyone had expected. Indeed, from the point of view of the ordinary Frenchman it seems to have fallen flat.

Philatelist tops Falklands poll

By Our Foreign Staff

MR LEWIS CLIFTON, manager of the Falkland Islands Philatelic Bureau, topped the poll in the territory's elections on Thursday with 379 votes in the four-member Port Stanley constituency.

The four remaining seats in the islands' Legistlative Council, those for the "camp" or countryside outside Port Stanley were taken by candidates who stood unopposed.

Of the 655 voters in Port Stanley qualified to vote, 511 or 78 per cent cast a ballot.

The eight Legislative Council members will now elect three of their number to the six-member Executive Council. The other three members of the Executive Council are ex officio, the Governor, the Chief Executive and the Financial Secretary.

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Hungary, UK in energy pact

By David Buchan

THE BRITISH and Hungarian Governments yesterday signed a memorandum of understanding pledging co-operation in production of coal, oil and gas, in power generation and in efforts to achieve more energy efficiency.

Signing the agreement in Budapest, Mr David Hunt, parliamentary secretary at the UK Energy Department, called it "a major initiative demonstrating our mutual aims and objectives."

Both governments, he said, were giving priority to oil and gas exploration and high technology investment in their coal industries.

Kaunda acts to devalue Zambia's inflated currency

BY PATTI WALDMEIR IN LUSAKA

ZAMBIA has introduced an innovative foreign exchange auction system which will lead to a massive devaluation of the national currency, the Kwacha, and pave the way for early agreement with the International Monetary Fund (IMF) on a loan of about SDR 100m (£74.6m).

The move, announced yesterday by Dr Kenneth Kaunda, the Zambian President, was the most radical step yet in an ambitious three-year programme of IMF-backed economic reforms.

Expected to have been announced 10 days ago, it follows nearly a year of tough negotiations with the IMF on measures needed to halt a precipitate decline in the Zambian economy, hard hit by falling prices and production of copper, which provides 90 per cent of foreign exchange earnings.

The introduction of a weekly foreign exchange auction is expected to lead to a devaluation of the grossly overvalued kwacha by at least 60 per cent (with the rate expected to rise to about 7:1 against sterling from around 3:1 now).

Dr Kaunda yesterday painted a bleak picture of the economy during a remarkably candid speech in Lusaka, stressing repeatedly that although the cost of living for most Zambians was already "unbearably high," further belt-tightening was unavoidable.

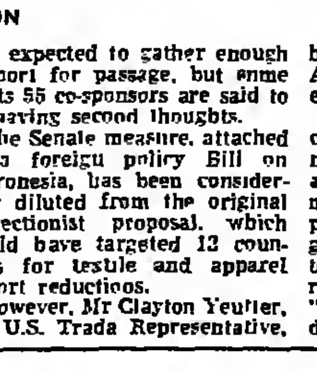
Prices of food and transport will rise sharply because of the increased cost of petrol imports, and numerous import-dependent companies in the state sector (which dominate all areas of the economy apart from commercial banking and commercial farming) can be expected to go to the wall.

Dr Kaunda, Zambia's leader since independence (in 1964) acknowledged that the new system would lead to hardships but issued an impassioned plea for industrial and social peace to give recently implemented reform measures a chance to work.

The foreign exchange auction was among measures outlined by Finance Minister Luke Mwananshiku in a timetable of planned reforms presented recently to Mr Jacques de Larosiere, IMF managing director. They included a recently announced 30 per cent rise in the price of maize meal, the staple food (further subsidy cuts are expected); reductions in civil service staffing and benefits; and the de-control of domestic interest rates.

The announcement of the auction should pave the way for agreement on an IMF standby credit of around SDR 100m to replace an SDR 225m credit suspended last year. No agreement can be finalised, however, until Zambia repays some SDR 75m in arrears to the fund for past loans.

Fund approval of Zambia's economic programme, which has now become more likely though still not assured, would clear the way for an urgently needed rescheduling of medium-term debt by the Paris Club of official creditors.



Kaunda . . . radical step

Action on clearing what President Kaunda said was a $500m "pipeline" of overdue trade debts, unremitted profits and dividends stretching back into the late 1970's is also expected to be an integral part of any eventual IMF agreement.

UK merchant bankers Morgan Grenfell have been appointed to advise Government on clearing the arrears and action is expected by early next year.

The path to a new IMF standby of about SDR 100m should now be relatively smooth. But a number of potential pitfalls remain. Failure to keep within limits on money supply growth, for example, could jeopardise the auction and the conclusion of a new Fund deal.

Meanwhile, the Bank of Zambia has been quietly discharging some pipeline debts to those creditors willing to accept a discount of as much as 3:1 on amounts owed.

Under the new auction system, importers and others will bid for a limited amount of foreign exchange each week, with few restrictions on the use of the funds purchased (it is believed that foreign companies could remit profits and dividends in this way).

The rate determined at auction will apply to all other transactions in the economy, including imports by Government and the petroleum sector, although they will not have to compete for an allocation of foreign exchange.

The result will be a more realistic exchange rate for the kwacha, which it is hoped will help boost non-traditional exports in light of an imminent decline in copper production as reserves are exhausted. But even optimistic assumptions see no significant pick-up in economic activity for several years to come.

The introduction of the foreign exchange auctioning system was the result of nearly a year of tough negotiations with the International Monetary Fund (IMF) on a restructuring programme for the Zambian economy, dangerously dependent on mining for 95 per cent of its export earnings.

Copper, the country's number one export, accounts for 90 per cent of foreign exchange receipts. But output is expected to fall off sharply towards the year 2000 as reserves are exhausted and re-orienting the economy away from dependence on mining—and towards agriculture—has become an urgent government priority.

Without devaluing the kwacha in this way, it is difficult to see how agricultural exports could be stimulated to take over the lead role from copper, or how foreign investors could be persuaded to participate in agricultural ventures.

New NI rating structure takes effect next week

BY ERIC SHORT

THE REVISED National Insurance rating structure, designed to encourage employers to take on more low-paid staff, comes into operation next week.

The changes, announced by Mr Nigel Lawson, the Chancellor, in this year's *Budget*, will cut contributions for both low paid employees and their employers with the loss of contribution revenue being offset by increased payments by employers of higher paid staff.

At present, employees not contracted-out of the State Earnings-Related Pension Scheme and earning at least £35.50 a week, pay NI contributions of 9 per cent of earnings up to an earnings limit of £265 a week, while their employers pay 10.45 per cent on earnings up to the ceiling.

If employees are contracted-out, the rate is 9 per cent on earnings to £35.50 and 6.85 per cent between this figure and the ceiling, while their employers pay 10.45 per cent and 6.35 per cent respectively.

Under the revised scale, a graduated scale of rates based on earnings is introduced for employees earning less than £90 a week, while for employers the graduated scale applies to earnings of less than £130 a week.

Under the changes, a graduated scale is introduced for employees earning less than £130 a week with the same rate applied to both employees and employers, as follows for employees contracted-in:

For earnings of at least £35.50 and less than £55 a week, the rate is 5 per cent.

Earnings of at least £55 and less than £90 a week carry a rate of 7 per cent. Earnings of at least £90 and less than £130, pay a rate of 9 per cent. The same rebates on the rates apply for employees contracted out of the state earnings related pension scheme.

To recoup the loss of revenue, the upper earning limit on which contributions are assessed is removed as far as the employer is concerned.

From tomorrow, the employer will pay an additional 10.45 per cent on all the employee's earnings above the ceiling, irrespective of whether the employee is contracted-in or contracted-out. Employees, however, will not be affected.

The self-employed will from tomorrow pay £1.25 a week less on their flat-rate class two contributions, while their earning-based class four rate remains unchanged at 6.3 per cent.

The changes have no effect on an employee's ultimate benefit entitlement whether contracted-in or contracted-out.

The changes are estimated to result in a £200m drop in the contribution revenue to the NI fund for 1985-86—a figure that could be recouped if the changes achieved their objective of stimulating more jobs.

Low paid: Weekly National Insurance Contribution

Weekly earnings £	Employee New £	Employee Old £	Employee Saving £	Employer New £	Employer Old £	Employer Saving £
Not contracted out						
35.50	1.77	3.19	1.42	1.77	3.71	1.94
50.00	2.50	4.50	2.00	2.50	5.22	2.72
80.00	5.60	7.20	1.60	5.60	8.36	2.76
90.00	8.10	8.10	nil	8.10	9.40	1.30
Contracted out						
35.50	1.77	3.19	1.42	1.94	3.71	1.94
50.00	2.18	4.18	2.00	1.90	4.63	2.73
80.00	4.64	6.24	1.60	3.77	6.54	2.77
90.00	6.92	6.92	nil	5.86	7.17	1.31

High paid: Full-year Employer's Contribution

Annual salary £	Not contracted out New £	Not contracted out Old £	Not contracted out Increase £	Contracted out New £	Contracted out Old £	Contracted out Increase £
30,000	3.135	1,440	1,695	2,645	950	1,695
50,000	5,225	1,440	3,785	4,735	950	3,785
75,000	7,838	1,440	6,398	7,348	950	6,398
100,000	10,450	1,440	9,010	9,960	950	9,010

Home satellite TV to be monitored by Government

BY RAYMOND SNODDY

THE GOVERNMENT plans to monitor the effects of satellite television freely available in people's homes and may introduce further controls.

The suggestion of extra controls comes in an unpublished submission by the Home Office broadcasting department to the Peacock committee. The committee, which is looking at alternatives to the licence fee for funding the BBC, was set up in March by Mr Leon Brittan, the former Home Secretary.

The main Home Office concern apparently is at the possibility of transmission of obscenity, political propaganda, or fund-seeking evangelists, such as operate widely in the U.S.

The Home Office submission suggests the rules on individual satellite reception were liberalised partly on the assumption that "the cost and size of dishes will deter individual reception in any great numbers for some time."

The Government apparently believed the main effect of the liberalisation, announced in May, would be to give a boost to satellite master antenna systems (SMATV).

However, more than 500 £10 licences for satellite reception for individual hotels, shops and homes have been issued by the Department of Trade and Industry, and applications are coming in at the rate of 20 a week. A growing number of companies are also looking at the receiver equipment market with interest.

Warning on 'threat to small shops'

THE National Chamber of Trade said yesterday that large-scale shopping developments might eliminate many small independent retailers unless there were massive local and regional resistance. Rapid spread of big suburban or out-of-town stores could mean the loss of more jobs than were created, if small shops were starved of trade.

It said anybody interested to preserve the character of *traditional* shopping areas should join forces through local chambers to make their voices heard.

Developers of one-stop shopping complexes, which endangered small businesses, were pouring resources into planning applications and appeals in such a way as to overwhelm local opposition.

Financier remanded

MR ALEX HERBAGE, a financier wanted in the U.S. to face fraud allegations involving £35m, was remanded in custody in London yesterday for a month by Bow Street magistrates. Mr Herbage, of Dalshally, Inverness, awaits extradition proceedings to stand trial in Florida on 25 charges.

He was rearrested on Thursday immediately after a charge against him of dishonestly falsifying a statement of accounts was dropped at Winchester, Hants. At yesterday's hearing he was granted legal aid and remanded to appear at Bow Street on November 1.

Tractor-maker to cut 170 jobs

MARSHALLS, the tractor-producer is to make 170 workers redundant at its factory in Gainsborough, Lincs. The company, which called in the receiver a week ago, will keep 117 to continue production, while attempts are made to sell the busines sas a going concern.

Mr Richard Rees, the receiver, said yesterday: "If anyone takes over the business, then they will certainly want to take back some of the workers."

IoD appoints deputy directors

THE Institute of Directors has appointed two deputy directors general. Mr Stuart Watson, executive director, and Mr John Nicholas, managing director of Director Publications, will report to Sir John Hoskyns, Institute director general.

Section of M25 to open early

A SECTION of the M25 motorway in Surrey is to be opened 24 hours earlier than planned, to cope with traffic from the Grand Prix at Brands Hatch tomorrow afternoon.

Formal opening of the 13 miles between Wisley and Reigate, delayed for more than a year, was planned for Monday, but Mrs Lynda Chalker, Transport Minister, said yesterday police would open it to assist motorists.

Lynton McLain on the outlook for a reduction in the cost of flying

Taxi-ing towards fare deregulation

IMAGINE European airlines bidding for passengers by changing their fares almost daily and starting or stopping a service almost on your doorstep.

This type of airline business is normal in the U.S. but alien in Europe—and likely to remain so for some time with the *snail-like momentum* for change in the European Commission in Brussels.

There is change in the wind, however. Possible legal judgments could tip the balance in Europe some way towards a more liberal, if not fully deregulated, regime.

So competitive has flying become in the U.S. that some airlines broadcast on local radio their air fares for the day. The aim is to tempt passengers to delay buying a ticket until the latest cheap fare offer *is known*.

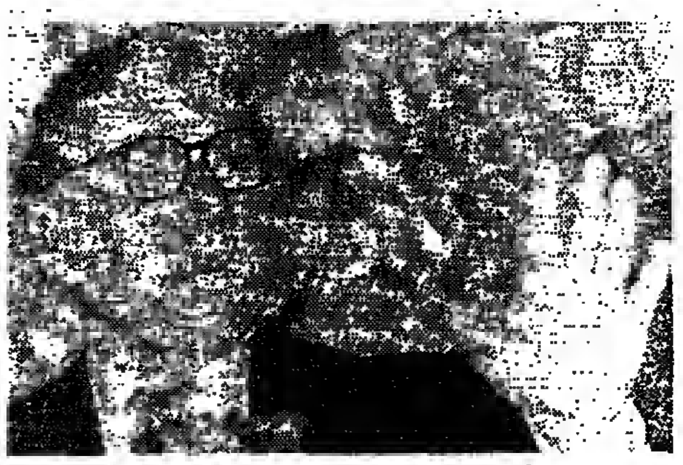
This type of spontaneous response to competitive pressures has blossomed since the U.S. domestic airline industry was deregulated in 1978.

These U.S. airlines have the freedom to set fares and choose any route they want to fly, regardless of how low these fares are or how many competing airlines are on a route.

The result is cut-throat competition in which only the fittest survive. There are cuts in the salaries of airline employees, including pilots whose service contracts, at the lower salaries, are linked to industry averages and, in the case of United Airlines, run for up to 18 years.

Nothing like it is possible in Europe. Air services are controlled, some would say stifled, by the series of bilateral air service agreements between countries. These agreements set the number of services and seats permissible between two countries and the level of fares.

The operative phrase is "between two countries" for the agreements are negotiated and signed by governments. The airlines are only permitted to offer fares and services that have been agreed by their *national* governments.



Lord King: against regulatory obstacles.

This is in spite of the Treaty of Rome, signed on the formation of the European Economic Community, and its anti-trust ideals allowing freedom of competition between member states.

These competition rules have up to now not been tested in the courts and member states have got away with maintaining the restrictive practices *inherent* in the bilateral agreements between countries. The result is that fares are high.

The European Court of Justice has heard cases recently on air fares and discounting. This has come about after cases were referred to it by the French courts.

The outcome of the deliberations at the European court could show whether the European Community competition rules apply to civil air transport.

This glimpse at the possibility of legal backing for a more liberal regime in European air transport is in the offing as the rotating post of President of the EEC comes to be occupied by countries strongly in favour of more liberal air services.

Luxembourg holds the presidency in the six months from July 1985. The Netherlands holds the presidency for the first half of next year and the UK in the following six months.

These three have already established greater freedom in their air service agreements than many of the other members. The country holding the presidency also holds the chairmanship of committees, including the Transport Working Group.

The UK has been at the forefront of moves to liberalise air services in Europe but not enough to satisfy Lord Bethell, the Conservative member of the European Parliament for London North West and chairman of the Freedom of the Skies campaign.

Lord Bethell is taking legal action against British Airways for alleged violation of the competition rules of the Treaty of Rome. He believes BA's agreement with KLM, the Dutch national airline on the London, Heathrow to Amsterdam route, to fix identical fares and pool revenue is illegal. Lord Bethell thinks fares would be less restrictive and cheaper if the competition rules of the Treaty of Rome were applied.

Lord King, the chairman of BA, said last week: "To my mind, there is little doubt that as a European (airline) industry we must endeavour to resolve such difficulties as we may still have between us as a matter of priority.

"If we do not there is a danger that national and supra national politicians may step in and try and do it for us."

He told a meeting of airline pilots: "It is of particular importance to our future customers and our industry's future that regulatory obstacles are not placed in the way of competitive development of services."

The public position of two leading UK airlines, BA and BCal, was shown at the end of the meeting last week between the 20 members of the Association of European Airlines.

The meeting took place at the instigation of the EEC transport commission, which has called for a limited opening up of the industry to competition.

The association agreed on proposals which included suggestions for greater flexibility on air fares and capacity arrangements.

After the 20 airlines failed to agree to a joint approach to the EEC Commission's proposals for liberalisation, BCal announced it would withdraw from all of the association's political activities for the time being.

Mr David Coltman, managing director of BCal said: "It is *quite clear that* some of the big European airlines dominating AEA have no wish to see liberal policies on air fares and airline competition and are determined to continue to resort to protectionism in their attempts to ward off the pressure for change coming from consumers, certain governments and the EEC Commission."

Consortiums 'an answer to Japan'

By Carla Rapoport in Tokyo

BRITISH COMPANIES should consider organising themselves more into consortiums to compete effectively against the Japanese, Mr Nicholas Ridley, Transport Secretary, said yesterday in Tokyo.

Speaking at the end of a three-day visit he said British companies might do better if they came to Japan with a more complete package to sell.

He said Japanese trading houses often assembled companies into groups for specific international projects. The same sort of commercial broker did not exist in Britain.

Nicholas Ridley: trade imbalance talks

Mr Ridley had talks on shipping and aviation with Japanese officials, mainly to exchange views. He pressed the need for more imports from Britain, to ease the trade imbalance.

He said of the Japanese understanding of the urgency of the need to correct the imbalance: "The Japanese Government takes us seriously but I'm not sure about the purchasing agents."

UK NEWS

BT plans to raise prices of telephone services

BY GUY DE JONQUIERES

BRITISH Telecom plans to increase charges for most inland telephone services by an average of 3.7 per cent from the start of next month.

The planned increase is slightly below the 4 per cent rise permitted by the Government formula regulating BT's tariffs.

The higher prices were criticised as "totally unjustifiable" and "a gross abuse of BT's monopoly position" by the Telecommunications Users' Association, whose 600 members include many large companies.

The association called on the Office of Telecommunications (Oftel) to use its authority to block the planned increases. The association noted that BT's pre-tax profits had risen by 39 per cent to £443m in the three months to the end of June.

Oftel, however, said it had already reviewed the price changes and was satisfied they met BT's regulatory obligations subject to clarification of some minor statistical details.

Some prices, notably for telephone rental, will rise by more than 3.7 per cent though there are also some reductions. Charges for residential subscribers are expected to rise more sharply than for large business users—in line with BT's policy of "rebalancing" tariffs between profitable and unprofitable services.

The package covers a "basket" of inland services, including rentals and local and long-distance calls, which provide about half of BT's turnover.

BT's regulatory formula requires the average price rise to be kept three percentage points below the change in the retail price increase (RPI) in the year to June.

The RPI rose 7 per cent during that period. Though BT has raised its tariffs by less than the formula allows it will be permitted to add the unused portion of this year's entitlement to next year's tariff increases.

MAIN TARIFF CHANGES

- Quarterly telephone rental up by £1.30 (8.6 per cent) to £16.45 for residential subscribers. Business rentals up by £2.10 (9.4 per cent) to £25.60.
- Call unit charge up by 6.4 per cent from 4.7p to 5p.
- Time allowed for unit charge for peak and standard rate inland calls beyond 56 km to be extended by between 12.5 per cent and 25 per cent.
- Maximum exchange line connection charge up £10 to £85 for residential subscribers and £95 for businesses. New £10 charge for existing customers taking over a line when they move.
- Some international call charges to rise, others to fall.
- Rental rebate for residential subscribers using less than 120 charge unit a quarter to rise from 3.2p to 3.4p per unused unit.

New car sales near record

BY JOHN GRIFFITHS

THE UK car industry has not ruled out the prospect of this year narrowly creating a record in new car sales.

Sales in September at 143,615, were 3.75 per cent down on the same month a year ago. However following near-record sales of over 370,000 units in August, sales for the first three quarters are running 4.37 per cent up on last year and 2.66 per cent ahead of 1983, the peak year when 1.79m new cars were sold.

Mr Sam Toy, Ford UK's chairman, says Ford has already indicated that its last forecast of 1.75m for the year is too low and "we could well be headed for a record every year." However, Ford expects that only after the October figures become known will it be clear whether August simply "pulled forward" sufficient sales to produce a sharp decline at the end of the year.

Statistics from the Society of Motor Manufacturers and Traders yesterday showed 1.503m sales in the year's first nine months, compared with 1.44m in the same period last year and 1.464m in the 1983 period.

September was a good month for Austin Rover which, with 20.69 per cent of sales, was less than 4 per cent behind market leader Ford (24.87). Austin Rover's performance lifted its share for the first nine months over what the company sees is the psychologically important 18 per cent level. Its result was 18.22, compared with 17.55 per cent in last year's nine-month period. The BL subsidiary is the only one of the big three UK producers to have increased unit sales as well as market share this year.

Ford's September performance compares with a share of 28.58 per cent last year, while year-to-date it has shrunk to 26.26 from 28.51.

Vauxhall also slipped back in September, its share falling well below Austin Rover's at 13.57 per cent.

Imports, including "captive" imports from UK producers, accounted for 56.9 per cent of sales in September (59.15), and 58.52 per cent (57.31) in the first nine months.

September's top ten best sellers were: Ford Escort, 12,249; Austin/MG Metro 11,061; Ford Fiesta 7,976; Vauxhall Cavalier 7,411; Ford Sierra 6,881; Vauxhall Astra 6,289; Austin/MG Montego 6,119; Maestro 5,602; Ford Orion 5,236; Vauxhall Nova 4,000.

UK CAR REGISTRATIONS

	September 1985	%	September 1984	%	Year to date 1985	%	1984	%
Total market	143,615	100.00	149,216	100.00	1,502,932	100.00	1,439,991	100.00
UK produced	61,897	43.10	60,962	40.85	623,386	41.48	614,693	42.69
Imports	81,718	56.90	88,254	59.15	879,546	58.52	825,298	57.31
Ford	35,721	24.87	42,651	28.58	394,659	26.26	410,472	28.51
BL	29,718	20.69	28,792	19.30	273,875	18.22	252,650	17.55
General Motors—(Vauxhall/Opel)	19,486	13.57	22,860	15.32	250,233	16.65	237,602	16.50
Nissan	12,323	8.58	10,512	7.04	83,144	5.53	82,883	5.76
VW/Audi	8,317	5.79	8,348	5.59	88,730	5.90	78,709	5.48
Peugeot/Talbot	7,691	5.36	4,190	2.81	61,800	4.11	57,602	4.00
Citroen	1,665	1.16	1,936	1.30	22,004	1.46	20,737	1.44
Peugeot group total	9,356	6.52	6,126	4.11	83,804	5.57	78,339	5.44
Renault	3,646	2.54	3,347	2.24	59,588	3.96	49,442	3.43
Volvo	3,610	2.51	5,366	3.60	47,242	3.14	48,546	3.37
Fiat/Lancia	3,631	2.52	3,605	2.41	46,652	3.11	41,136	2.86

Source: Society of Motor Manufacturers and Traders

Liverpool waits for loan decision

BY NICK BUNKER

LIVERPOOL CITY Council is continuing attempts to borrow on the money markets while awaiting a decision from the Public Works Loan Board on whether to resume lending to the troubled authority.

In June Liverpool lost its access to the PWLB, the government body which is the prime source of loans for local councils. It seemed likely then that Liverpool would become insolvent after Labour councillors voted for a 9 per cent rate increase, leaving a budget deficit of about £80m.

Last night, Mr Tony Byrne, the council's Labour finance chairman, said he had received "no response" to an application made this week to borrow again from the PWLB.

However, he is confident that even without the PWLB's backing, Liverpool can obtain funds from other sources.

Mr Byrne described the city's financial position as "sound" because it has limited its spending by sending out dismissal notices to all 31,000 employees.

He said he saw the application to the PWLB, made on Wednesday afternoon, as a question of principle rather than a demand for money.

"The PWLB now has no reason not to lend to us. We have fulfilled all the requirements for a loan by issuing the dismissal notices."

Mr Byrne said a negative response from the PWLB would not be disastrous although it would leave Liverpool "like a team trying to field West Indian fast bowlers without a long stop behind the wicketkeeper."

Meantime, he said, the city was carrying on with its ambitious house-building programme and its campaign to seek extra cash aid from the government.

It is understood that brokers would be happier to arrange financing for Liverpool if it won fresh access to the PWLB because the board acts as a "lender of last resort" to councils.

JMB writ against auditor struck out

By David Lascelles, Banking Correspondent

THE High Court yesterday struck out the Johnson Matthey Bankers writ for damages against Arthur Young, the bank's auditors, because the bank had failed to make a statement of claim.

The Bank of England, which owns JMB, said none the less, that it had not abandoned its intention to sue Arthur Young and would either appeal against the judgment or lodge a new claim.

There had been insufficient time to prepare what was turning out to be a complex case for which evidence dating back several years was being assembled.

JMB initiated an action against Arthur Young on July 27 for what it called substantial damages because of the accountancy firm's alleged failure to uncover the severe losses which precipitated the bank's near-collapse a year ago. It had to lodge a statement detailing its claim by September 16.

JMB was given an extension until yesterday, when Arthur Young sought a new hearing to remove the uncertainty. Judgment was given for it at proceedings in camera with JMB lawyers present.

The Bank said the judgment was for procedural reasons. It did not affect the merits of JMB's case. It was unable to say when JMB would be in a position to lodge a claim.

Liquidator for Trafalgar Capital

By John Moore, City Correspondent

A PROVISIONAL liquidator has been appointed for Trafalgar Capital (UK), a small issuing house.

In the High Court yesterday Mr Justice Hoffman ordered that Mr Christopher Morris of accountants Touche Ross & Co should be appointed liquidator of Trafalgar Capital, which has an address at 5 Conduit Street, London.

Mr Morris will safeguard the assets pending the hearing of the winding up petition in November. The Secretary for Trade and Industry had filed a petition to wind up the company and make the Official Receiver the liquidator.

Representatives attended the court hearing yesterday and supported the creditors' petition with its evidence to support the need for a provisional liquidator.

Shorts shelves aircraft project

By Our Belfast Correspondent

SHORT BROTHERS of Belfast has shelved plans to build an enlarged version of its successful 36-seat commuter aircraft, the 360. A proposed 45-seat aircraft, which like its predecessor was to be unpressurised, was announced in April. Market reaction is understood to have been disappointing.

The state-owned company said the market did not at present appear big enough to support the level of investment needed for the project. Work would continue on improving the 360.

Joan Gray looks at an industry's recovery and move up market

Timber-frame house makers stop the rot

TIMBER frame housing in Britain is undergoing a renaissance in popularity after scares over shoddy workmanship which caused sales to plummet from 24 per cent of all houses built in England at the end of 1982 to a bare 7 per cent now.

The timber frame manufacturers who survived the aftermath of a critical television programme are thriving: but they are perched at the top of the market, aiming at the buyer who wants a modern manor house with swimming pool, conservatory, and Tudor garage, rather than a cheap starter home.

Timber-frame building, which uses timber covered with brick for house structure, rather than the brick and concrete block more usual in England, became controversial when the large-scale builders adopted it for cheaper down-market housing.

But after a Granada "World in Action" television programme two summers ago, which showed shots of damp and rotting timber frame houses and timbers lying in pools of water on building sites, the big builders pulled out of timber frame.

Barratt has cut its output of timber frame houses from 54 per cent to virtually nil; Wimpey has cut it from 65 per cent to around 40 per cent.

The industry was devastated at first. However, the timber frame manufacturers now thriving are concentrating on selected smaller builders and luxury housing rather than mass market sales.

The market leader, Guildway —is producing 1,500 timber frame houses a year with the factory working overtime.

"We generally sell to the top end of the market with houses in the South-east selling at up to £400,000," said Mr Declan Kelly, company chairman.

"Manufacturers who jumped on the bandwaggon have fallen off now that the mass timber frame market has gone. The companies which are left are those that use timber frame very carefully and are gaining market share at the quality end of the housebuilding industry."

Mr Kelly is so confident of the company's future he is planning to increase Guildway's turnover from its current £7m a year, already up from £5m in 1984, to £40m a year in the next two years. He intends to use its timber frame products for public buildings such as health and community centres as well as upmarket housebuilding.

Mr Kelly still sells timber frame houses to the big builders such as Wimpey, Wates and Laing. However, he also boasts of the "Guildway club" of small builders in the South-east, who all build only Guildway timber frame homes, at the rate of between 20 and 50 luxury houses each a year.

Another clear pointer for Guildway's future direction is given by Mr Kelly's own "Little Venice" development in London Dockland's Thamesmead, where groups of upmarket timber-framed houses are linked by Venetian-style bridges.

The same trend is echoed in the success of other timber frame companies such as the British Medina and the Scandinavian arrivals Myresjo and House of Denmark.

Medina is a small company which was "devastated" by the World In Action programme, said Mr Stuart Cullum, its timber frame designer.

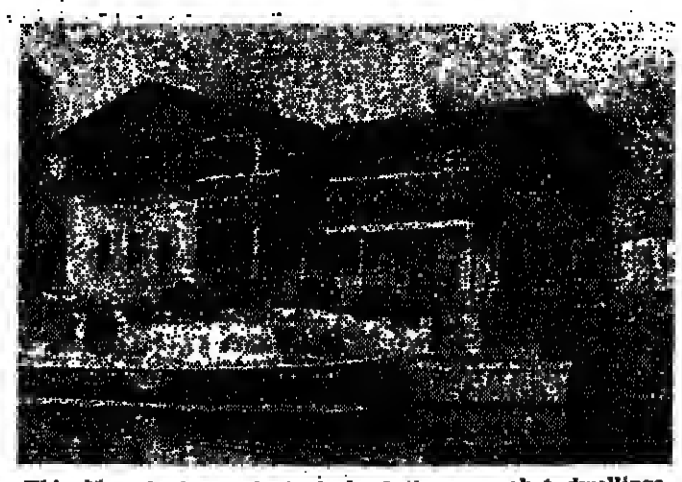
"The whole market dropped away so in the last couple of years we have concentrated on the market for houses costing £150,000 and up, which is very buoyant.

"We had to go up-market of necessity because all the volume builders lost interest in timber frame, so we turned to the Neotudor quality end of the market where people want bigger houses and are more aware of what they are buying."

Its sales are now back up to their level before the timber frame scare and both Myresjo and House of Denmark are managing to enter the UK market, in a small way, by offering top-quality timber homes.

The manufacturers who are really benefiting from the change are the concrete block makers, the orchestrators of a campaign to promote Britain's traditional brick and block housing and warn buyers against what they call "softwood housing."

As Mr John Metcalfe, director of the British Pre-Cast Concrete Federation explains: "Every percentage point by which sales of timber frame houses rose cost the block industry another £1m. And now timber frame housing has come down to 7 per cent of the market we're happy because every percentage point it goes down is another £1m for the block industry."



This Myresjo house is typical of the upmarket dwellings using timber frame

Thomson offers Withy deal

BY HELEN HAGUE, LABOUR STAFF

THE International Thomson Organisation is proposing a new deal to Mr Robert Maxwell, the publisher, over the sale of Thomson Withy Grove printing plant in Manchester.

A previous conditional agreement between ITO and Mr Maxwell's British Newspaper Printing Corporation collapsed earlier this month with both sides indicating they would sue the other party for breach of contract damages.

Last night a writ against ITO for alleged breach of contract was issued by solicitors acting on behalf of BNPC.

ITO has repackaged the deal saying they would cut the sale price from that previously negotiated and cut the cost of printing Mirror Group Newspaper titles at the plant until the end of the year.

These reductions, say ITO, will compensate for Mr Maxwell taking on the 911 employees who work on MGN titles.

Under the lapsed deal, Mr Maxwell had negotiated a manning level of 713 with the print unions at TWG. He had made it clear that BNPC did not want to be responsible for redundancy costs for former TWG employees who would not be re-employed by his company.

Mr James Evans, managing director and chief executive of ITO, said the new proposals were designed to ensure that the loss of jobs at the plant were reduced to a minimum.

He said that in the absence of a "positive response" from Mr Maxwell it seemed inevitable that at least 1,300 jobs would go by the end of the year.

He added that this new initiative "must been seen as a final attempt on our part to avoid this."

Mr Maxwell said last night he was still awaiting a reply from Lord Thomson of Fleet, for a meeting

It is understood that Mr Maxwell will not be willing to negotiate any new deal with ITO's existing higher management but wished to meet directly with Lord Thomson.

N. Ireland receives nearly 1m tourists

By James McDonald

NORTHERN IRELAND, with a population of just under 1.5m, is approaching 1m tourist arrivals in one year, according to its tourist board's annual report. Last year visitors totalled 908,000, a 5 per cent rise on the previous year and a record. The indications are that this year's total will be up again in spite of the poor summer.

Mr Shane Belford, board chief executive, said that in selling Ulster abroad he found it had a curiosity value.

Last year 412,000 travelled to the Province from the Irish Republic and 405,000 from mainland Britain. Most from both areas were visiting relatives. There was a 9 par cent rise in the number having no links with Northern Ireland.

The number from North America fell to 43,000 from 52,000 in 1983. Tourist spending in the Province was 8 per cent higher, at a record £80m.

EEC members 'urgently need to drop trade bars'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE EUROPEAN economies urgently needed to remove their remaining barriers to trade as the best way to promote growth and reduce unemployment, Sir Fred Catherwood, deputy leader of the UK Conservative group at the European parliament, said yesterday.

The former director of the National Economic Development Council, addressing Wolverhampton Chamber of Commerce, said: "The decline in manufacturing in the past few years is no reflection on Britain's skill. Britain can still make it but we must have a realistic and specific programme for economic recovery."

He said such a programme existed, approved by the EEC's 10 heads of government at the Milan summit in June, and was a plan, pressed by his group, to dismantle remaining barriers to EEC trade.

This would get the great flywheel of inter-Community trade spinning again in the common market of 320m consumers, the greatest industrial market the world had ever known.

He said that even a fractional rise in EEC trade would produce far more cashflow for new investment and new jobs than the maximum conceivable increase in deficit financing. Further, it would operate directly on the international trading sector, which alone could sustain the expansion.

Sir Fred said the post-Second World War removal of trade barriers produced the greatest expansion of trade and wealth in the history of the world and did far more for U.S. employment than President Roosevelt's New Deal.

The programme agreed at Milan argued that the only way to reverse the otherwise inevitable decline in the public sector was to lead with the market sector.

This sector should be allowed to keep the first fruits of growth for investment in new products which would make the recovery self-sustaining.

"We have a window of opportunity but it will not remain open for ever," Sir Fred said.

Sealink cut to hit 250 jobs

By Andrew Fisher, Shipping Correspondent

SEALINK UK is cutting back its revamped service to the Channel Islands and Cherbourg in France after suffering heavy losses because of increased ferry and air competition on the routes.

Trading losses for the year on the routes from Weymouth and Portsmouth are running at more than £6m instead of a projected £3m profit. Fares are being cut and one ship is being taken off the routes in moves which will eliminate 250 of 800 shore and sea jobs.

Sealink, which Bermuda-based Sea Containers bought last year for £66m from British Rail, said yesterday that 1985 was the toughest year its Channel Island service had faced.

The company plans soon to announce a luxury car ferry service from Venice in Italy, via Greece, to Turkey.

Commenting on the changes in the Channel Island service, Mr Martin Miller, director of Sealink ferries for the Southwest, said: "We intend to remain in business and remain competitive." The service from Weymouth will be reduced from two ships to one, with two still sailing from Portsmouth.

Sealink is not abandoning the luxury Starliner and Sunliner services to the Channel Islands from Portsmouth and Weymouth respectively launched earlier this year with much publicity.

Prices will be cut: a £47 return fare will be available compared to a previous price of £118, while the daytime Sunliner return goes from £58 to £42.

Mr Miller said sea traffic to the Channel Islands had been affected by low-cost competition from airlines. There was also a new ferry rival, Channel Island Ferries, run by Brittany Ferries and Islands-based Huelin Group, which had undercut some Sealink services.

Migration control system in crisis, union claims

BY DAVID BRINDLE

STAFF SHORTAGES have reduced the UK's immigration control system to a state of crisis, according to the Society of Civil and Public Servants, which includes immigration officers.

The union claimed yesterday that the statutory objectives of the Immigration Service were no longer being fulfilled, that untrained recruits were being used on some control desks and that tourists arriving at Heathrow Airport, London, commonly faced delays of more than an hour.

However, the Home Office rebutted the main criticisms. While sharply rising numbers of arrivals at Heathrow were causing "very real problems," it said, talk of a breakdown in the service was unfounded.

The SCPS said the complement of immigration officers had for the past two and a half years remained at 1,278. More than half of them were based at Heathrow and increasing numbers were diverted there from other ports and airports.

This had left other points of entry to the country poorly covered, or not covered at all.

Acas moves to save lens plant

By Robin Reeves, Welsh Correspondent

THE ADVISORY, Conciliation and Arbitration Service stepped in yesterday to try to avert closure with 300 redundancies of UK Optical's ophthalmic lens manufacturing plant near Llanelli, West Wales.

The company, part of UKO International group, announced the closure on Thursday, following the refusal of the workforce to accept a two-year wage freeze, longer hours and changed working practices in exchange for a £1m investment programme.

ECONOMIC DIARY

TOMORROW: IMF interim committee meets. G-10 ministers meet, in Seoul. Engineers' and Managers' Association annual conference ends, Bristol. Portuguese general election.

MONDAY: September provisional producer price index. EEC internal market council meets in Luxembourg. European Parliament session opens in Strasbourg (until October 11), discusses new technology. IMF interim committee concluding session; joint IMF/World Bank development committee meets, Seoul.

TUESDAY: Bank of England gives preliminary estimate of money supply for month to mid-September. Conservative Party conference opens, Blackpool (until October 11) IMF/World Bank annual meetings open, Seoul (until October 11). London clearing bank's monthly statement for mid-September.

WEDNESDAY: Conservative Party conference discusses economy and taxation. Second quarter index of production and construction for Wales.

THURSDAY: Conservative Party conference discusses trade and industry. Arts Council publishes annual report. September provisional figures of vehicle production. Bundesbank council meets.

FRIDAY: September price and tax index. Retail prices index for September. U.S. September retail sales, and producer price index. Magistrates' Association annual conference, Guildhall, London. Usable steel production figures for September. Building societies' monthly figures for September. Nobel Peace Prize winner announced, Oslo. North Atlantic Assembly annual plenary session opens (until October 15), San Francisco.

THE LABOUR PARTY AT BOURNEMOUTH

REPORTS BY IVOR OWEN, KEVIN BROWN AND JOHN HUNT. PICTURE BY ASHLEY ASHWOOD

EETPU to ballot members on state cash for postal voting

BY DAVID THOMAS, LABOUR STAFF

the ETPU, announced yesterday that it is to ballot its members over taking government money to pay for ballots at the same time next month as the engineering union, the AUEW.

A vote in favour by the members of these two important unions would reopen the clash which disrupted the TUC Congress last month betwen those unions which wish to take state money for their ballots and those that want to adhere to the existing TUC policy of refusing to accept such funds.

The EETPU has not yet decided on the wording it will put on its ballot paper, but it will be recommending its 355,000 members to vote in favour of taking government cash—a move which is certain to annoy the TUC.

Writing in this month's EETPU journal, Contact, Mr Eric Hammond, the union's general secretary, criticises his opponents in other unions for failing to improve their internal structures, "when existing procedures become subject to manipulation and abuse."

Mr Hammond writes that other union leaders are opposed to secret postal ballots because, "they fear, and quite rightly too, that their power will be diminished and will never be fully recovered."

An editorial in Contact argues that the real crunch within the TUC is still to come. The TUC, it writes "can doubtless extricate itself from the mess of its own making. The gut question is: does it have the will to do so?"

"If the Blackpool gathering is any sure guide, the outlook is bleak," is the EETPU reply to its own question.

EMA set to fall in line with Union Act

BY OUR LABOUR STAFF

THE TUC policy of opposing the Government's union legislation is likely to be put under further strain today when the biennial conference of the 41,000-strong Engineers' and Managers' Association changes its rulebook to bring it into line with the 1984 Trade Union Act.

The EMA executive is recommending two main rule changes to its conference: that executive members are elected individually by secret ballot; and any industrial action will have to be sanctioned in a secret ballot.

Mr John Lyons, general secretary, said yesterday: "We considered refusing (to comply with the Act) and being taken to court by one of our members, but that would have been absurd."

The EMA executive is to oppose a motion calling for a political fund to be set up on the ground that it does not need a political fund to campaign legally against government policies such as privatisation.

The union will also renew its demand that the TUC drop plans to discipline unions for taking Government money for ballots. Mr Lyons said: "The TUC crisis is not over: We feel even more strongly that the TUC must urgently review its policy."

The EMA, which represents engineers and managers within the electricity industry, is also likely to make it clear that it will not undermine the decision of the electricians' union, the EETPU, to ballot its members on industrial action if anyone is dismissed from the Government communications centre, GCHQ, at Cheltenham for union membership.

Mr Lyons said yesterday that his members would not cover for EETPU members if they took industrial action over GCHQ. This would virtually ensure that such action would disrupt electricity supplies.

The EMA also wants the TUC to initiate discussions with parties other than the Labour Party. Mr Lyons said that the TUC was restricting its influence by talking only to the Labour Party.

However, in a move which runs against its right-of-centre position within the union movement, the EMA conference is likely to oppose the trend towards single union agreements on the ground that they damage the interests of professional and managerial staff.

Ford hourly-paid workers seek 15%

BY DAVID THOMAS,

UNIONS REPRESENTING 37,000 hourly-paid workers at Ford yesterday submitted a four-point claim which included a 15 per cent increase in basic rates and a substantial move towards common conditions for manual and salaried staff.

Presenting the claim, Mr Mick Murphy, chairman of the trade union side and national vehicles officer in the Transport and General Workers' Union, said: "We are not prepared to accept a plea of poverty from the company."

The claim for a 15 per cent increase is made up of two elements: 12 per cent which the unions said was needed to restore Ford workers' purchasing power to what it was in 1979; and 3 per cent in recognition of productivity increases.

The unions said the 3 per cent figure represented half the labour and overhead savings which Ford admitted to in 1984.

The unions want manual workers to receive the same holiday and sick pay arrangements as salaried staff. This would mean an extra four days holiday on the basic entitlement for manual workers.

Supporting this move towards common conditions, Mr Murphy said: "Differential treatment continues to divide the workforce in ways which no truly progressive or responsible employer would accept."

The third point of the unions' claim is for an extra allowance for line workers because their numbers have been cut and the pace and intensity of their work increased.

Finally, the unions asked for substantial improvements in pension arrangements, including full pensions for men retiring early at 60 and women at 55.

In a document supporting their claim, the unions argued that Ford should reduce its imports and produce more cars in Britain.

Ford will respond to the claim later this month. It is expected that management will seek to introduce a new grading structure to replace the five-grade structure in operation since 1967.

NGA leaders endorse technology deal with NUJ

BY HELEN HAGUE, LABOUR STAFF

LEADERS of the National Graphical Association, the print union, yesterday unanimously endorsed a deal with the National Union of Journalists by which both unions will jointly approach managements in the provincial newspaper sector over the introduction of new technology.

The agreement, announced last week, was ratified by the NGA's national council two days after the NUJ executive gave its formal approval.

Hopes held by both unions that the agreement will prove workable at chapel (office branch) level have been boosted by two developments.

A meeting of NUJ fathers of chapel (chairmen of office branches) from all 10 Thomson Regional Newspaper centres agreed yesterday to pursue a group-wide new technology enabling agreement alongside the NGA.

This is likely to be the first ... sector.

On Thursday national officers from both unions, in conjunction with chapel representatives, amended existing separate new technology draft agreements at the Birmingham Post and Mail so that they fall into line with the new accord.

A key element of the accord stipulates that NGA members who transfer to the editorial floor will retain their NGA cards, pay subscriptions to the craft print union but also become NUJ members. They will be subject to NUJ industrial discipline and the journalists' union will represent them for collective bargaining purposes.

The NGA agreement, in its pre-amended form, allowed for NGA transferees to retain NGA representation.

Mr Carson Black, NUJ FoC at the Post and Mail, said management had agreed that no NUJ members would ...

Delegates applaud summons to rally behind 'leader of vision'

RALLYING calls to unite behind the growing reputation of Mr Neil Kinnock as a robust leader of courage and vision brought the Labour conference to an end on a note of enthusiasm and optimism at Bournemouth yesterday.

A chorus of approval greeted the verdict of Mr Larry Whitty, summing up his first conference as general secretary, that despite the clashes and divisions the overall effect had been to enhance the party's standing in the country.

Delegates he said, had conducted themselves effectively in debate and could tell the British people: "We are ready for government."

Mr Whitty stressed the need to avoid "invented confrontations and invented problems," and gave a thinly-veiled hint to Mr Kinnock not to be too free in displaying his ability to shrug off conference decisions that go against him.

He recalled the conciliatory scenes at the end of the debate on local government when, speaking for the national executive, Mr David Blunkett, leader of Sheffield City Council, produced a formula which provided an escape route for the militants on Liverpool City Council who had earlier been lashed by Mr Kinnock.

To applause, Mr Whitty said: "We should come here not to place demands on each other but, in a spirit embodied in that debate, to consult each other, take each other's point of view on board and seek to maximise unity."

Mr Whitty maintained that Labour's readiness to opt for open democracy, with the leadership and the rank and file ready to debate their differences, distinguished it from the Conservative Party and the Alliance.

While acknowledging that a big effort had been made to secure a fair hearing for minority groups—of the 272 speakers from the rostrum 188 were men and 84 women—he admitted that more needed to be done.

"Black delegates and women delegates still feel a degree of under-representation in this parliament of the movement," he said.

Mr Whitty contrasted those attending the Labour conference with the "hooray Henrys" who would be seen at Blackpool with the Conservatives next week, the "smooth trendies" who were at Torquay with the Social Democrats and the "scruffy trendies" at Dundee with the Liberals.

He said: "We are fundamentally more representative of the British people than any other party."

Mr Alan Hadden, the party chairman, underlined the favourable impact made by Mr Kinnock and said his speech on Tuesday had brought a flood of inquiries from people wanting to join the party. Urging delegates to support Mr Kinnock, he said: "I say to anyone who is not prepared to do that, you are not one of us."

Neil Kinnock links arms for the farewell Auld Lang Syne with Labour's geenral secretary Larry Whitty, right.

Alliance hails local victories

FURTHER wins this week for the SDP/Liberal Alliance in local council by-elections were hailed last night by Alliance politicians as the first sign of the electorate's verdict on the Labour Party conference.

On Thursday, the Liberals took a seat on Gillingham District Council, Kent, from Labour, which went to third place. In Swindon the SDP took the Alliance from third place to win a seat from Labour.

There were also wins at the expense of the Tories on the same day.

On Arun District Council a Liberal won a Conservative seat with Labour trailing third. On Hinckley and Bosworth Borough Council the SDP gained a Tory seat with Labour again in third place.

Mr David Alton, Liberal chief whip, interpreted it as the first verdict by the electorate on the "appalling" scenes at the Labour Party conference.

Mrs Shirley Williams, the SDP president, said: "Neil Kinnock has cut no ice with the public. Labour remains in the doldrums."

Constituency campaign to tackle drugs

DELEGATES voted overwhelmingly for a resolution calling on constituency Labour parties to campaign against drug pushers, despite fears that this amounted to setting up vigilante groups.

The resolution called on constituency parties to identify local problems with drug and solvent abuse, and to discuss methods of clearing drug pushers from their areas.

Mr John Smith, from Hereford, said this could be interpreted as a call to set up vigilante groups to evict people from their homes. He said 99 per cent of drug pushers sold drugs only to support their own habit rather than for profit.

There was an almost unanimous vote for the resolution, however, after the mover, Liverpool West Derby constituency, refused to remit it for further discussion by the National Executive Committee.

The resolution also called for better medical facilities for drug treatment and improved customs services to reduce trafficking.

Mrs Anne Davis, for the NEC, called for a massive clampdown on drug smuggling, with the severest penalties for trafficking.

She said the number of drug addicts registered at the Home Office had risen to a record, and had increased by a quarter last year. Trafficking in hard drugs was the fastest-growing industry in Britain and was destroying homes and families.

The Government had given too little money for drug treatment and had avoided responsibility for increases in addiction. The best prevention of drug problems was to offer a real future to young people.

Opening the debate, Mr Roy Gladden, a Liverpool City councillor, said there was overwhelming evidence that social deprivation and drug addiction were inextricably linked. Drug problems were an evil which followed closely on unemployment.

Mr Tom Smith from Strathkelvin and Bearsden, said there were now 50,000 drug addicts in the country, five times more than in 1979. Labour had to educate people about the consequences of drug trafficking and put sufficient money into the NHS to conquer addiction.

Mr G. Dohergy, of the National Union of Railwaymen, said the biggest drug problem in the country was the 1.8m people who suffered from alcohol abuse, which was the most common cause of domestic violence and road traffic accidents. He said 500 or more people died from alcohol abuse every year, compared with about 25 from illegal drug taking.

He said delegates had criticised drug abuse at the rostrum but were happy to fill their stomachs with alcohol outside. "We have seen people from the platform making a mess of their speeches because of alcohol," he said.

Bill of Rights proposal shelved

THE CONFERENCE shelved a call for a Bill of Rights to protect civil liberties after the National Executive Committee confessed to "deep misgivings."

The resolution was remitted for further discussion by the NEC after Ms Jo Richardson, MP for Barking, had told delegates: "The best way to explain the rights of ordinary people is not through courts packed with judges but through a parliament packed with Labour MPs."

Conference voted overwhelmingly, however, for resolutions calling for:

- A review of all "punitive legislation" concerning civil rights.
- Repeal of the 1980 and 1982 Employment Acts and the 1984 Trade Union Act.
- Legislation to make police and security forces accountable to elected representatives.
- Repeal of the 1981 Nationality Act and strengthening of the Race Relations Act.

Ms Richardson said the Employment Acts and the Trade Union Act sought to make criminals of workers. The Tories had to realise that legislation aimed at weakening organised labour weakened not trade unions but people's respect for the law.

Labour supported individual rights but would not hesitate to limit these in cases where they conflicted with collective rights such as limits on racialist agitation.

Mr Bill Deal, president of the Fire Brigades Union said the police should be brought under the direct control of local authorities. Anyone who worked in the public service should be accountable to an elected authority.

Mr John Hammond from Worthing, praised union members at GCHQ, Cheltenham, who had stood out against the ban on union activity there for 20 months. About 100 people remained union members, despite massive victimisation in pay and promotion.

He called for a commitment that the next Labour government would restore full union rights at GCHQ.

Ms Christine Kane, from Eltham, was among delegates who urged Labour members to campaign against the Government's White Paper on public order legislation.

Mr David Cohen, a delegate representing Poale Zion, said the Government was twisting the concept of law and order to protect its interests and undermine those of working people.

Mr John Merrel, from Leicester West, said fascist organisations were desperately trying to regroup by exploiting the misery of unemployment.

Mr Keith Vaz, prospective parliamentary candidate for Leicester East, said a Labour government could not allow the misery of Tory immigration laws to continue.

Ban on arms for Iran and Iraq urged

DELEGATES strongly condemned the atrocities commited by the Khomeini regime in Iran.

Mr Eric Heffer MP for Liverpool Walton and spokesman for the National Executive Council in the debate, described it as "one of the most brutal regimes in the world."

He called for a ban on arms supplied to both sides in the Iran-Iraq war. A composite resolution declaring support for the National Council of Resistance and the People's Mojabedin Organisation of Iran was overwhelmingly approved.

Mr Heffer emphasised that any replacement of the Khomeini regime which involved going back "to the days of the Shah" would also be unacceptable to the supporters of democratic rights in Iran.

U.S. support of Contra condemned

THE conference approved a composite resolution condemning attempts by the U.S. to overthrow the freely-elected government of Nicaragua by arming the Contra.

A future Labour government was urged to provide military backing to Nicaragua if pressure on the U.S. to halt military aid to the Contra failed.

Delegates agreed on a campaign to back twinning arrangements between towns in Nicaragua and Labour local authorities.

Pretoria contact 'should be broken'

A RESOLUTION calling on a future Labour government to break diplomatic relations with the white regime in Pretoria was approved on a card vote by 3,516,000 votes to 2,699,000, it was announced.

However the majority fell short of the two-thirds required for the resolution to be automatically considered for inclusion in the Labour manifesto.

Resolution passed on homosexuals

AGAINST the advice of the National Executive Committee, the conference approved a composite resolution advocating that the age of consent for homosexuals be reduced from 21 to 16. It was carried by 3,395,000 to 2,805,000.

Party's standing faces early test in Tyneside by-election

LABOUR faces a by-election in Newcastle as the result of the death yesterday of Mr Harry Cowans, the Party's 52-year-old MP for Tyne Bridge.

It will be an early test of Labour's standing with the electorate followin gthe dramatic events at this week's conference.

However, Mr Cowans had a big majority of 11,693 at the 1983 General Election and received 56.5 per cent of the votes.

The Conservatives were a poor second and the Liberal, fighting on behalf of the Alliance, was third.

Mr Cowans, an Opposition whip, was secretary of the ... spokesmen on the environment and took a leading role during the committee stage in opposing the local government Bill which abolished the GLC and metropolitan county councils.

A former British Railway technical officer he was sponsired by the National Union of Railwaymen and was a typical trade unionist MP. A bluff, friendly man, he was always on his feet in the Commons to defend the interests of his constituents.

There were many tributes to him yesterday. Mr Stuart Bell, Labour MP for Middlesbrough, said: "He was one of the finest Northern MPs we ever had. He was the salt of the earth—a true ...

BASE LENDING RATES

A.B.N. Bank	11½%
Allied Dunbar & Co.	11½%
Allied Irish Bank	11½%
American Express Bk.	11½%
Henry Ansbacher	11½%
Amro Bank	11½%
Associates Cap. Corp.	12 %
Banco de Bilbao	11½%
Bank Hapoalim	11½%
BCCI	11½%
Bank of Ireland	11½%
Bank of Cyprus	11½%
Bank of India	11½%
Bank of Scotland	11½%
Banque Belge Ltd.	11½%
Barclays Bank	11½%
Beneficial Trust Ltd.	12½%
Brit. Bank of Mid. East	11½%
■ Brown Shipley	11½%
CL Bank Nederland	11½%
Canada Permanent	11½%
Cayzer Ltd.	11½%
Cedar Holdings	12 %
■ Charterhouse Japhet	11½%
Choulartons**	
Citibank NA	11½%
Citibank Savings	¶12½%
City Merchants Bank	11½%
Clydesdale Bank	11½%
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11½%
Consolidated Credits	11½%
Continental Trust Ltd.	11½%
Co-operative Bank	11½%
The Cyprus Popular Bk.	11½%
Duncan Lawrie	11½%
E. T. Trust	12 %
Exeter Trust Ltd.	12 %
Financial & Gen. Sec.	11½%
First Nat. Fin. Corp.	12½%
First Nat. Sec. Ltd.	12½%
■ Robert Fleming & Co.	11½%
Robert Fraser & Ptns.	12½%
Grindlays Bank	‡11½%
■ Guinness Mahon	11½%
■ Hambros Bank	11½%
Heritable & Gen. Trust	11½%
■ Hill Samuel	§11½%
C. Hoare & Co.	11½%
Hongkong & Shanghai	11½%
Johnson Matthey Bkrs.	11½%
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11½%
Edward Manson & Co.	12½%
Meghraj & Sons Ltd.	11½%
Midland Bank	11½%
■ Morgan Grenfell	11½%
Mount Credit Corp. Ltd.	11½%
National Bk. of Kuwait	11½%
National Giro Bank	11½%
National Westminster	11½%
Northern Bank Ltd.	11½%
Norwich Gen. Trust	11½%
People's Trust	12½%
PK Finans Intl. (UK)	12 %
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11½%
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11½%
Royal Trust Co. Canada	11½%
■ J. Henry Schroder Wagg	11½%
Standard Chartered	‖11½%
TCB	11½%
Trustee Savings Bank	11½%
United Bank of Kuwait	11½%
United Mizrahi Bank	11½%
Westpac Banking Corp.	11½%
Whiteaway Laidlaw	12 %
Yorkshire Bank	11½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

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Saturday October 5 1985

When new men make the news

WHEN TIMES are prosperous and settled, people like their governments to be colourless, competent and quiet. It is only when the world seems threatening that they demand new leadership and new policies. There is always ground for suspicion, when the world gets excited about new men, for the excitement reflects the uneasiness which gives it birth, and usually contains a strong element of wishful thinking. Outright scepticism, though, would be overdoing it; history does throw up its Roosevelts, Churchills and DeGaulles who really do make things different.

That list sets a perhaps absurdly demanding standard against which to measure three men who are at present causing much excitement in their own spheres. They are still largely untried but they could, just possibly, change the course of events.

That, for the time being, is the only link between Mr Mikhail Gorbachev, the Soviet leader whose peace overtures are, for a change, arousing almost as much hope as suspicion; Mr James Baker, the U.S. Treasury Secretary who has suddenly emerged as the hope of the world's debtors; and Mr Neil Kinnock, who with one speech seems to have transformed the British Labour Party from a rabble into a serious political opposition.

It is perhaps worth adding, though, that if the electoral aims of Mr Kinnock and the reported ambitions of Mr Baker should be realised, they might at some future date become quite closely acquainted.

Leadership

It is far too early, at this stage, to assess the possible outcome of Mr Gorbachev's overtures to the U.S. and, separately, to Britain and France; Sir Geoffrey Howe's response, that they are welcome and deserve careful study, seems exactly right. President Reagan's acknowledgement that there has been a genuine change in the Soviet position also seems well justified.

Whether or not the new position proves to be ground for an accommodation remains to be seen; but what already seems clear is that the Russians have a new leader who knows how to address himself directly and persuasively to the electorates of the West. That in itself is an important change, which is likely to have its effect both on the rhetoric and on the substance of Western policy.

Mr Neil Kinnock, to become parochial for a moment, seems to have mastered the same trick of getting some control of events by appealing over the heads of the apparatchiks to the electorate outside. He not only reminded that Labour Party conference at Bournemouth that the only policies that matter to an Opposition are those that win elections, but he persuaded them for a day at least that under his leadership they might do it.

Again, it would be wildly premature to conclude that Mr Kinnock has the power to reverse the trends of several decades. Labour's natural class-based support has been shrinking steadily; even Britain's sluggish economic progress has been fast enough to make that inevitable; but the Labour Party is still committed to a set of policies which most non-Socialist voters will regard as either naive and half-baked, or tried and failed.

Breakthrough

It is the danger of a world slowdown which has impressed itself on Mr James Baker at the U.S. Treasury. He is a Texan millionaire, and Texas, were it the independent republic its sentimentalists like to dream about, would now be near the top of the list of the world's problem debtors. Mr Baker certainly seems sensitive to the problems of debt, and it is his talk of solution based on higher growth rather than austerity, and his passionate defence of free trade, which have suddenly made him a hero to visitors from Latin America and other debtor countries.

If solutions could be found through understanding backed by a real flair for U.S. domestic politics, Mr Baker could soon earn the status his admirers are already awarding him; but as he well knows, a U.S. Treasury Secretary has a deplorably shaky power base. He may propose, but the Congress disposes, in its own time and with its own motives.

That is perhaps why the few U.S. Treasury Secretaries who are now remembered have made their mark not domestically, but internationally, as did Mr George Shultz, now Secretary of State, at the time of the Smithsonian agreement.

Mr Baker achieved his real breakthrough only a fortnight ago at the unexpected Group of Five meeting which mobilised the world's central banks to push the dollar down towards reality. Most notably he persuaded the Japanese to play a genuine and indeed leading role in the exercise so that the yen has moved further than other currencies, where previously it remained half-tied to the dollar. It is again the Japanese, together with the West Germans, whom Mr Baker has most in mind when he preaches growth, and the need to assist the U.S. adjustment. Any success he achieves would not only be good for the whole world: it might even give him the standing to get his way with Congress of fiscal tightening and tax reform. A man to watch.

BRITAIN'S INNER CITY POLICIES

The lessons still to be learned

By Robin Pauley

HANDSWORTH AGAIN. Brixton again. Toxteth again. Serious urban disturbances with the attendant rioting, looting, burning and violence have broken out on the streets of Britain in recent days and weeks. Ominously, they have all flared in areas in which the dramatic upheavals of 1981 occurred.

Whatever the sparks which started this year's riots, the underlying problems of the inner cities remain the same: racial tensions, bad housing, exceptionally high levels of unemployment and poverty, low levels of educational attainment and opportunity, general dereliction, decay and depression.

After the 1981 disturbances there was a feeling throughout Britain that something must be done to prevent the social and physical disintegration of the inner cities from getting out of hand. Perhaps the renewed violence is a signal that not enough has been done. But there have been some tremendous changes in the inner cities since 1981.

They range from a more thoughtful approach to policing sensitive areas to the creation of many community self-help groups. Above all, there has been a realisation that solutions ideally must rest on a partnership involving the local communities themselves, the public sector (central and local government) and the private sector.

Largely as a result of the efforts of Mr Michael Heseltine, Environment Secretary until 1983 and the only Cabinet Minister to concentrate on the problems even when they were out of the limelight, there is now a panoply of initiatives directed specially at the inner cities: the urban aid programme, a special task force for Merseyside, special development corporations for the massive derelict docklands of Liverpool and London, 25 enterprise zones, derelict land development programmes, and national garden festivals promoted on urban wasteland.

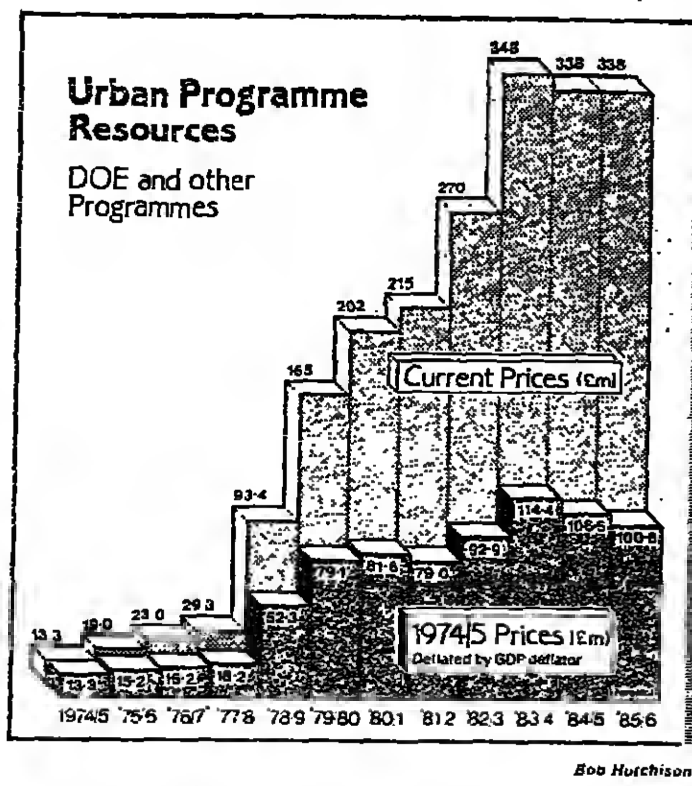
All are based on the tripartite idea and although the Government has cut back cash aid for urban areas in recent years, the key initiatives underpin the attempt to get things moving with a private sector engine:

● Enterprise zones offer tax and rating breaks together with less planning red tape to companies willing to set up in unattractive areas.

● The London and Liverpool Development Corporations have enough powers to do whatever is necessary to persuade developers into their massive areas of dereliction and to co-ordinate residential and commercial developments.

● Urban Development Grants provide government cash for contracted projects between private companies and local authorities to make a marginal financial proposition more financially attractive.

Britain's inner city problems are not new. The statistics remain depressingly constant: the inner cities contain only 7 per cent of population but 14 per cent of unskilled workers, 20 per cent of households in housing stress, 33 per cent of commonwealth immigrants, more than double the national rate of unemployment, up to 10 times the national proportion of people living below the supplementary benefit poverty line, up to four times the level of domestic overcrowding found elsewhere in cities.



Bob Hutchison

Daley

Between them, councils with deprived inner city areas will get £338m of special urban aid this year, the same as last year, but £10m less than in 1983-84 when the programme peaked at £348m. In real terms, it has thus been cut back substantially since, on Mr Heseltine's initiative it was significantly increased after the 1981 riots. The Government's plans are to cut it further in the next two years.

Nevertheless the urban Programme has provided an extra £1.5bn of cash resources to deprived areas since 1981-82 and increasingly the government has channelled its cash into projects in which both local authorities and the private sector have a stake, in the hope of revitalising the local economy or creating jobs.

At the heart of Mr Heseltine's campaign was a determination to involve the private sector. His whirlwind activity created a range of initiatives of banks and City institutions and the major corporations into taking an interest, providing secondees and signing cheques. A telephone call on the lines of "I want to come and have lunch with you" came to be greeted with an apprehensive "What or how much does he want now?" Since his move to Defence in 1983, the pressure has come off the private sector, though there are signs that Mr Kenneth Baker, the new Environment Secretary, wants to take on the role if rates reform does not end up occupying all his ministerial time and energy.

After bussing chief executives around Toxteth in 1981, Mr Heseltine set up the Financial Institutions Group—comprising a secondee from each of 25 institutions and companies—and set them to work for one year until September 1982 to come up with ideas. Many failed or proved impracticable but some—notably the American system of Urban Development Grants—became policy.

Since the scheme began in 1982, 165 projects representing total capital investment of more than 400m have received UDGs, of which the total public sector contribution has been 78m. In the last financial year, 115 schemes qualified but there is still a high drop-out rate of more than a quarter of approved schemes which never get started.

But there are impressive success stories. In Liverpool the famous Adelphi Hotel, which had fallen into a sad state of disrepair, is being restored in a £6.5m project involving Merseyside County Council and Britannia Adelphi Hotels with a £1.4m UDG in Handsworth, the scene of the first of this year's major riots, Birmingham City Council and Focol Developments have converted a redundant factory into 23 small starter units at a cost of £388,000 with a £65,000 UDG.

The way in which UDG funding can just tilt a non-viable proposition into the "just-worth-a-go" category has meant that after years of false starts, Islington is finally developing the "Aggie" (Agricultural Hall) in a £10m scheme with City Industrial Developments. This will provide design centre and exhibition space, 70,000 square feet of offices and parking for 300 cars. The UDG was £2.85m, the first phase is on time for completion in April, and 600 jobs will be created.

In the same area a new headquarters is being built for the merged Williams and Glyn's Royal Bank of Scotland. So the Angel, one of London's long-standing pockmarks, is being transformed through a mixture of private and public-private investment with both local and central government greasing the wheels.

> The reluctance of British companies to make commitments to urban renewal contrasts strongly with U.S. attitudes

In spite of their critics who say they simply move jobs from one part of town to another, enterprise zones have brought economic life to some hopeless sites. Swansea Valley Enterprise Park, Britain's first, on 800 acres close to the M4 and British Rail's freight line, is part of a much wider 2,000-acre renewal scheme aggressively and imaginatively marketed by Swansea City Council. Half of the companies are manufacturing, ranging from Morganite Electrical Carbon, which exports carbon products all over the world, to small high skill companies.

The latest enterprise zone is in the Isle of Dogs and covers 482 acres some two miles from the City of London. Developments within it include the £50m Tarmac Brookglade at Heron Quays—600,000 sq ft of office, business apartments, shops and housing—and the £10m Limehouse TV studios, Britains largest independent com and Mercury each have television studios.

This enterprise zone is within the London Docklands Development Corporation, which means there are two Government initiatives where previously there have been none to tackle Europe's largest derelict site—eight square miles. At last commerce, industry and residential developers are involved in or planning major investments—housing development in what was once thought to be a permanently uninhabitable area of London is now running at 2,000 homes a year.

But there is a limit to what any government can realistically do. Unfortunately, the private sector's independent response to inner city problems has been minimalist. Companies have undoubtedly become more concerned and aware of the problems, they are willing to provide secondees, support and advise initiatives to help small businesses, and sometimes to invest small amounts of venture capital. A range of major employers—the clearing banks, Marks and Spencer, Shell and BP, BAT and United Biscuits and many more—have all been generously supportive to urban initiatives, especially those by the 160 local enterprise agencies of which the London agency (LenIA) is much the most imaginative and creative.

Even so, the corporate sector still commits no more than an estimated 0.1 per cent of its pre-tax profits to urban problems and is reluctant to make philanthropic investment decisions.

A case in point is Inner City Enterprises (ICE), a company set up with the backing of 50 financial institutions to identify potential commercial investment opportunities in the inner cities, perhaps with the help of UDGs.

ICE, which has had to act as an agency rather than a principal, has had very little success, and has raised funds for only six of the 15 projects it has taken to the private sector. This is in spite of the City institutions' £11bn a year investment, of which about 10 per cent goes into property. ICE is now aiming to become a developer in its own right and has issued a prospectus seeking to raise £3m to £5m. The institutions are reacting coolly, if not icily, and a key backer of ICE, the National Westminster Bank, is pulling out.

The reluctance of British companies to make commitments to urban renewal contrasts starkly with attitudes in the U.S. where philanthropy has often outweighed commercial considerations. IBM, for example, took a policy decision to build a plant in the rundown Bedford Stuyvesant area of New York City. Rouse Company has transformed decayed downtown and waterside sites into major industrial and commercial success stories in places such as Boston, Philadelphia and Baltimore.

Both public and private sectors in Britain could do more. The private sector needs more encouragement to make bricks and jobs commitments in the inner city cores. Discreet leverage through the honours system, still deeply attractive to captains of industry, might help. So might incentives such as tax-exempt bonds which have proved successful in promoting inner city investment in the U.S.

Local authorities, meanwhile could be more entrepreneurial and less political, giving greater priority to investment and jobs and less to dogma. Some Labour councils, for example, want to attach union and worker-participation rules to developers. Others, such as Islington, are less keen to become heavily involved with private enterprise. An ICE project which would have brought jobs in Brixton in a scheme with Boots foundered because of Lambeth Council's precondition that the company sign a declaration against business involvement in South Africa.

Many feel the entire urban programme should be better co-ordinated. It meanders around Whitehall via the Department of Environment, Employment, Trade and Industry and the Home Office, crossing Manpower Services, Community Programme and Youth Training schemes. The much publicised creation of City Action Teams earlier this year was an attempt to improve co-ordination but it has not proved effective.

One idea is to give a Cabinet Minister full-time responsibility for inner cities either within a department or without portfolio but with full powers and a small but strong support staff. The urban programme needs an effective communicator, respected in the City of London and passionately interested in the problems which have led to inner city riots.

Man in the News

Sir Robert Haslam

A calm style and a steely resolve

By Ian Rodger

"I AM not naturally a confrontationalist," says Sir Robert Haslam, the man who is to become chairman of the National Coal Board when Ian McGregor's term there ends next year.

Sir Robert's calm style is one of the main reasons why he was asked to take on what he sees as "one of the biggest challenges in British industry."

But the calmness and self-self-effacing congeniality are deceptive. Those who have followed Sir Robert, who is 62, through his long career at Imperial Chemical Industries, and in the past two years at the British Steel Corporation also testify to a strong will and a determination to move things forward.

"It is like being on the deck of a supertanker," one associate says. "You do not get the impression of momentum, but it is there."

As chairman of ICI's fibres division in the early 1970s, for example, Sir Robert pushed through a major retrenchment involving 7,000 redundancies across Europe. When he left that job in 1974, his colleagues conjured up a mock coat of arms for him featuring an axe. As personnel director in the mid-1970s, he created ICI's model job assessment scheme for white collar workers.

At British Steel, his first experience of a nationalised industry, he soon realised that another major round of restructuring was necessary if the corporation was to have a chance of becoming consistently profitable. He then pushed ahead in his quiet way, and managed to win Government approval for almost all the tough measures BSC wanted to take.

Sir Robert is a man of strong views, and while he may not be aggressive about them, he does not shy away from expressing them. "My wife tells me I'm rather too firm in my views, not easily shaken." He made a series of passionate speeches during the miners' strike, accusing the National Union of Mineworkers' leaders of trying to establish a suicide pact with the steelworkers. When the strike was over, he claimed that the steelworkers were the ones who had prevented it from gathering momentum and causing a lot of damage to industry.

He is an admirer of the prime minister, but chuckles at the suggestion that he is close to her. "They say so many people have her ear, I do not know how she copes. I see her from time to time, but always in groups."

Sir Robert sees his move to the NCB as bringing his career full circle. His first job was down a pit at Manchester Collieries in 1944 after studying coal mining at Birmingham University.

But that is getting ahead of the story a bit. The decisive turn, he says, came three years earlier when he failed a Latin exam for entrance to Cambridge where he wanted to study geography. He turned to Birmingham, but it withdrew its geography programme, so he ended up in coal mining.

He might have spent his career in the coal industry if he had not had a row with a supervisor one day. That led to an encounter with a sympathetic stranger in a pub who suggested he apply for a job at ICI.

He then spent 10 years in ICI's Nobel explosives division, becoming involved in a number of odd projects.

In 1952, as tension over Suez mounted, he flew out to Cairo to advise on the blowing up of a temporary dam that had been built on the Aswan project.

When he arrived at the airport, his luggage was searched and the official, seeing blueprints for the demolition of the Aswan dam, immediately threw him in gaol. "I was finally able to explain to him that I was not going to destroy the real dam, but I was in gaol for six hours," he recalls.

On another occasion he found himself advising film director Sam Spiegel on the destruction of the mock bridge in *Bridge over the River Kwai*.

He worked in a number of ICI divisions, becoming personnel director and a main board director in 1974. In 1978, he became the group's chief executive in the U.S. and in 1980 was named one of three group deputy chairmen.

Then came the fateful day in November, 1981, when he and two other deputy chairmen, William Duncan and John Harvey-Jones, were up for consideration to succeed Sir Maurice Hodgson as chairman. Harvey-Jones won. For many executives, being passed over for the top job would be a stigma difficult to shake. But ICI deputy chairmen tend to be snapped up quickly. Duncan, later Sir William became chairman of Rolls-Royce until his death early this year, while Sir Robert, who was knighted in the new year's honour's list this year, became chairman of Tate & Lyle and BSC.

Sir Robert strenuously denies reports that he is bitter about not becoming ICI chairman. "I was never expected to get the job. I was out of sight, out of mind in America at the time." And he admires what Sir John has done at ICI. "He has brought a special quality to the company. And that is what chairmen are for."

Sir Robert knows that the special quality he will need at the NCB will be an ability to lift a demoralised workforce and a recalcitrant NUM. He recalls that when he was taking tough decisions at ICI, he had to deal with Jack Jones of the Transport and General Workers Union and Hugh, now Lord, Scanlon of the Amalgamated Union of Engineering Workers. "Hugh Scanlon and I still play golf."

By all accounts, he will also have a major job rebuilding a management team at the NCB.

It will be a full time appointment, and Sir Robert will give up his part-time chairmanships at BSC and Tate and Lyle. However, he plans to remain on the Court of the Bank of England. He has managed to get in four games of golf this year but doubts that the frequency will increase in the next couple of years. But he keeps fit with daily swims and frequent evening walks on a golf course near his home in Berkshire.

RRENCIES and MONEY

FOREIGN EXCHANGES

Dollar rises in late trading

The dollar improved from a weak start in currency markets yesterday although early New York trading saw the U.S. unit lose ground once more. The market was reluctant to take out new positions ahead of today's meeting of finance ministers in Seoul and in the absence of any real volume, the little trading that did take place tended to shift rates to a disproportionate extent. Friday afternoon is generally quiet anyway ahead of the weekend.

The dollar was well offered in early trading but found support at the lower levels and rose as sporadic bids appeared after New York entered the market. Once again there was little incentive to take positions amid rumours that today's meeting of finance ministers would approve the dollar's recent decline and at the same time press for a further adjustment in parities. Against this background the dollar briefly touched a low of DM 2.5985 before recovering to close at DM 2.6320 compared with DM 2.6190 on Thursday. It was also firmer against the yen at Y213.40 from Y212.60 and SwFr 2.1605 compared with SwFr 2.1435. Against the French franc it rose to FFr 8.0350 from FFr 7.9925.

U.S. unemployment rose 7.1 per cent in September, much in line with expectations although the number employed on non-farm payrolls rose less than expected.

The dollar's index on Bank of England figures, calculated before the dollar's improvement towards the close was 130.0 from 130.7.

Sterling fell sharply towards the close, although it managed to finish above the day's low against the D-mark. There was little to explain the late fall with news from the latest Opec meeting apparently insufficient to warrant such a decline in the value of the pound, bearing in mind its recent resilience to oil related news. The pound's exchange rate index fell to 79.6 from 80.2, having touched a high of 80.3. Against the dollar it fell to $1.4145-1.4155, down 1.1c from Thursday's close.

It was also down against the D-mark at DM 3.7250 from DM 3.7350 and Y302.0 compared with Y303.25. It was weaker against the French franc at FFr 11.37 from FFr 11.3875 but was marginally firmer in terms of the Swiss franc at SwFr 3.0575 from SwFr 3.0550.

£ IN NEW YORK

	Oct. 4	Prev. close
£ Spot	$1.4185-1.4195	$1.4270-1.4280
1 month	0.46-0.43 pm	0.46-0.43 pm
3 months	1.16-1.13 pm	1.16-1.13 pm
12 months	3.00-2.90 pm	3.05-2.95 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Oct. 4	Previous
8.30 am	80.1	80.1
9.00 am	80.3	80.0
10.00 am	80.3	79.8
11.00 am	80.1	80.1
Noon	80.3	80.1
1.00 pm	80.3	80.0
2.00 pm	80.2	80.1
3.00 pm	79.9	80.0
4.00 pm	79.6	80.2

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4130-1.4360	1.4145-1.4155	0.46-0.43c pm	3.77	1.19-1.14 pm	3.29
Ireland†	1.1715-1.1880	1.1735-1.1745	0.15-0.05c pm	1.01	0.50-0.30 pm	1.35
Canada	1.3630-1.3675	1.3665-1.3675	0.06-0.10c dis	−0.70	0.24-0.29dis	−0.78
Nethlnd.	2.9295-2.9730	2.9665-2.9675	0.55-0.52c pm	2.18	1.71-1.68 pm	2.30
Belgium	52.80-53.65	53.55-53.65	3-4c dis	−0.79	13-10 dis	−1.05
Denmark	9.45¾-9.51¾	9.51¼-9.51¾	½-1ore dis	−0.95	1½-2 dis	−0.74
W. Ger.	2.5985-2.6370	2.6315-2.6325	0.80-0.75pf pm	3.57	2.33-2.28 pm	3.54
Portugal	162-164	162-164	50-250c dis	−11.04	375-1050dis	−17.46
Spain	159¼-161½	160½-161	50-65c dis	−4.32	175-253dis	−5.35
Italy	1758-1779	1778-1779	9-10lire dis	−6.46	25½-27 dis	−5.95
Norway	7.78¾-7.83	7.82¾-7.82¾	3-3½ore dis	−4.99	8½-9 dis	−4.48
France	7.93½-8.05	8.03½-8.03¾	1.25-1.35c dis	−1.90	5.20-5.45dis	−2.75
Sweden	7.88¾-7.95¼	7.95-7.95¼	4½-5ore dis	−7.21	13-13½ dis	−0.70
Japan	211.35-213.70	213.35-213.45	0.32-0.27y pm	1.66	0.96-0.88 pm	1.71
Austria	18.27½-18.52	18.45-18.52	5-4½gro pm	3.03	13½-11 pm	2.57
Switz.	2.1220-2.1620	2.1600-2.1610	0.73-0.67c pm	3.84	1.95-1.90 pm	3.61

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.50-53.60.

POUND SPOT—FORWARD AGAINST POUND

October 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4130-1.4360	1.4145-1.4155	0.46-0.43c pm	3.77	1.19-1.14 pm	3.29
Canada	1.9354-1.9582	1.9390-1.9410	0.80-0.50c pm	0.40	1.29-1.15 pm	2.52
Nethlnd.	4.16¾-4.21¾	4.19¾-4.20¾	2½-2c pm	5.90	6-5½ pm	5.60
Belgium	75.01-76.09	75.80-75.90	21-18c pm	2.93	48-40 pm	2.27
Denmark	13.41½-13.83	13.46-13.47	3½-2½ore pm	2.67	9½-8½ pm	2.60
Ireland	1.2005-1.2121	1.2034-1.2044	0.34-0.21p pm	2.74	0.71-0.45 pm	1.93
W. Ger.	3.69½-3.74½	3.72-3.73	2½-2½pf pm	7.45	2½-6½ pm	0.71
Portugal	228½-236	229-232	10c pm-290 dis	−7.27	335-1300dis	−14.16
Spain	225¾-230	227-228	½c pm-35 dis	−0.78	35-155 dis	−1.67
Italy	2495½-2536	2516-2517	3-6lire dis	−2.15	13-17 dis	−2.38
Norway	11.06¾-11.20¾	11.06¾-11.07¾	½-1½ore dis	−1.08	2½-3½dis	−1.11
France	11.26½-11.42½	11.36½-11.37½	2½-1½c pm	1.91	2½-1½ pm	0.70
Sweden	11.20¾-11.35	11.24¾-11.25¾	2½-3½ore dis	−3.20	8½-9½ dis	−3.31
Japan	300¼-305¼	301½-302½	1.40-1.30y pm	0.38	3.78-3.65 pm	4.92
Austria	25.97-26.33	26.09-26.17	15½-13½gro pm	5.56	40½-38 pm	2.96
Switz.	3.03-3.06¾	3.05¾-3.06¾	2-1½c pm	7.60	5¾-5 pm	6.70

Belgian rate is for convertible francs. Financial franc 75.70-75.70. Six-month forward dollar 1.95-1.90c pm; 12-month 3.05-2.90c pm.

CURRENCY RATES

Oct. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	6.747818	0.593350
U.S.$	7½	1.07096	0.847303
Canadian $	9.00	*	1.15572
Austria Sch.	4	19.6414	15.5311
Belgian Fr	9½	N/A	44.8582
Danish Kr	7	16.1576	8.02354
D'mark	4	2.79506	2.20875
Guilder	6	3.14702	2.49065
French Fr	9½	N/A	6.74199
Lira	15½	1889.07	1483.80
Yen	6	227.151	180.179
Norway Kr	9	8.57588	6.61032
Span'h Pta.	—	171.124	135.399
Swedish Kr	10½	N/A	6.69581
Swiss Fr	4	2.36383	1.80984
Greek Dr'ch	20½	139.594	116.768
Irish Punt	13½	N/A	0.714732

* C$/SDR rate for October 3: 1.45465.

CURRENCY MOVEMENTS

Oct. 4	Bank of England Index	Morgan Guaranty Change %
Sterling	79.6	−16.7
U.S. dollar	130.0	+18.6
Canadian dollar	83.9	−8.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Oct. 4	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.415	3.725	302.0	11.37	3.058	4.198	2017.	1.940	75.85

EURO-CURRENCY INTEREST RATES

B.Fr.(Fin)	8¼-8½	8⅝-8⅞	8¾-9	9⅛-9⅜	9⅜-9⅝	9⅝-9⅞
B.Fr.(Con)	8 9¼	9⅛-9⅜	8½-8¾	9 9¼	9¼-9½	9¼-9½
Yen	6⅝-6⅞	6⅝-6⅞	6⅝-6⅞	6⅝-6⅞	6⅝-6⅞	6⅝-6⅞
D. Krone	6¾-9¼	8-9⅛	9⅛-9⅜	9¼-9⅝	9¼-9⅝	9¼-9½
Asian $ (Sng)	7⅝-8	7⅞-8⅛	7⅞-8⅛	8⅛-8⅜	8⅛-8⅜	8⅜-8⅝

Long-term Eurodollars: two years 9⅝-9¾ per cent; three years 9¾-10 per cent; four years 10-10⅛ per cent; five years 10⅛-10¼ per cent nominal. Short-term rates are call for U.S. dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Oct. 4		
Greece	184.15-188.15	130.60-131.24
H'kong	11.0780-11.0950	7.7630-7.7680
Iraq	122.50*	86.40*
Kuwait	0.4190-0.4200	0.29420-0.29445
Lux'burg	75.80-75.90	53.55-53.65
Malay'sa	3.4690-3.4800	2.4325-2.4376
N'Z'land	2.5235-2.5335	1.7585-1.7745
Saudi Ar.	5.1980-5.2080	3.6495-3.6505
Sin'pore	3.0165-3.0270	2.1175-2.1280
S.Af.(Cm)	3.6215-3.6310	2.5580-2.5440
S.Af.(Fn)	5.0640-4.0770	3.7780-2.8070
U.A.E.	5.2325-5.2425	3.0720-3.6730

* Selling rate.

MONEY MARKETS

London rates steady

Interest rates were little changed in London yesterday in quiet and featureless trading. Sterling's decline towards the close of business had no immediate impact. Three-month interbank money was quoted at 11⅝-11¾ per cent, unchanged from Thursday while three-month eligible bank bills were bid at 11⅝ per cent also unchanged from Thursday. Week-end interbank money opened at 12-12¼ per cent and eased initially to 11⅞-12 per cent. Later in the day it touched a low of 9½ per cent before coming back to 11½ per cent. Late balances were taken at 11 per cent.

The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £258m and Exchequer transactions a further £335m. There was also a rise in the note circulation of £240m and banks brought forward balances £255m below target.

The Bank gave assistance in the morning of £628m, comprising purchases of £6m of eligible bank bills in band 1 (up to 14 days) at 11⅝ per cent and £105m in band 2 (15-33 days) at 11⅝ per cent. In band 3 (34-63 days) it bought £57m in eligible bank bills at 11½ per cent and £15m of Treasury bills in band 4 (64-91 days) at 11⅞ per cent. It also arranged sale and repurchase agreements on £445m of bills at 11⅝-11⅝ per cent, unwinding on October 30.

The forecast was later revised to a shortage of around £900m before taking into account the morning help and the bank gave additional assistance in the afternoon of £267m. This comprised purchases of £2m of eligible bank bills in band 1 at 11⅝ per cent and £178m in band 2 at 11⅝ per cent. In band 3 it bought £20m of Treasury bills and £46m of eligible bank bills all at 11½ per cent and in band 4 £15m, making a total of £910m.

In Frankfurt call money was quoted at 4.6-4.7 per cent unchanged from Thursday, although it touched 4.75 per cent during the morning. However there appeared to be little upward pressure on rates with the next large round of tax payments not due until December. In addition banks' borrowings through the 5.5 per cent Lombard facility remained the same on Thursday, the last day for which figures are available, at DM 100m.

UK clearing banks base lending rate 11½ per cent since July 30.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 4)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 5/16	bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Oct. 4	Ov'rnig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'ntion
Frankfurt	4.6-4.7	4.6-4.7	4.6-4.7	4.6-4.7	4.65-4.70	5.5
Paris	9⅞	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛-9⅜	8⅞
Zurich	1⅞-1⅛	4⅛-4¼	—	4⅛-4⅜	—	—
Amsterdam	6¼-6½	5¾-6⅛	—	5¾-5⅞	6¼-5⅞	—
Tokyo	6.5315	6.40625	6.40625	6.46683	—	—
Milan	14⅛-14⅛	13⅞-14⅛	—	13¾-14⅛	—	—
Brussels	7.18	8⅛-8⅜	—	8⅛-8⅜	—	—
Dublin	8-8⅛	9¼-9⅛	9⅛-9⅝	9⅛-9⅝	9⅞-10⅛	—

LONDON MONEY RATES

Oct. 4	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9½-12⅛	11⅞-12⅛	11⅞-11⅞	11⅝-11⅞	11⅝-11⅞	11-11⅛
Sterling CDs	—	—	11⅞-11⅝	11⅝-11⅝	10⅞-11⅛	10¾-10⅞
Local Authority Deps	11⅞-12	11¾	11⅝	11⅝	11⅝	11
Local Authority Bonds	—	—	12⅛	11⅝	11⅝	11⅛-11¼
Discount Mkt. Deps.	6-12	11¾	11¼	11	11	—
Company Deps	10-12⅛	12-12⅛	11⅝	11⅝	—	—
Finance Hse Deps	—	—	11⅝	11⅝	11⅛	11⅛
Treasury Bills (Buy)	—	—	11⅝	11	—	—
Bank Bills (Buy)	—	—	11⅝	11⅝	10⅞	—
Fine Trade Bills (Buy)	—	—	12	11⅝	11⅝	—
Dollar CDs	—	—	7.85-7.95	7.95-8.05	8.05-8.16	8.35-8.45
SDR Linked Deps	—	—	7⅛-7¼	7⅛-7⅞	7⅛-7⅞	8-8¼
ECU Linked Deps	—	—	8⅛-8⅞	8⅛-8⅞	8⅜-8⅞	8⅞-9

Treasury Bills (sell): one-month 11⅟₃₂ per cent; three-month 10⅞ per cent. Bank Bills (sell): one-month 11⅟₃₂ per cent; three-month 11⅟₃₂-11⅜ per cent. ECGD Fixed Treasury Bills: Average tender rate of discount 16.9650 per cent. ECGD Fixed Finance IV: September 4 to October 1 (inclusive): 11.697 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from October 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Coffee prices slide despite quota deal

BY RICHARD MOONEY

LONDON COFFEE futures fluctuated widely this week as attention remained focused on the troubles of the price supporting International Coffee Agreement.

Two weeks of talks aimed at fixing a global export quota for the agreement's producing members in the 1985-86 marketing year had been scheduled to end last Friday. But, as often happens, serious talking about the quota level had hardly begun when the allotted time ran out.

The talks were extended into the weekend and, when it became clear that the gap between producers' and consumers' negotiating positions was not closing quickly enough, a new deadline was set for midnight on Monday.

Even that deadline, which coincided with the official end of the 1984-85 coffee year, passed without agreement, however, and the chairman of the meeting had to resort to the curious device of "stopping the clock" to enable talks to continue.

When a quota of 58m bags (60 kilos each), the same as last year's, was finally agreed the time in the outside world was 1 am, October 2—but in the International Coffee Organisation's council chamber it was still midnight, September 30.

In the meantime the January futures price had touched a low of £1,597 a tonne as observers began to see a real possibility of the talks collapsing without setting a quota. This would have resulted in an export free-for-all and, possibly, plunging prices on the world market.

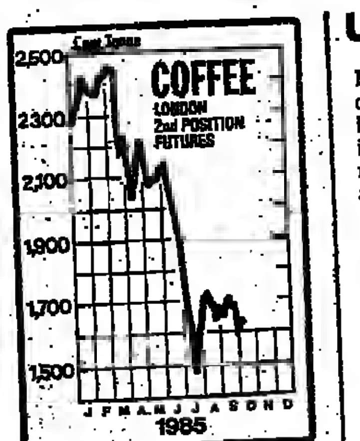
News that a quota had been set saw the January price climb to £1,685 a tonne at one stage on Wednesday. But relief that the immediate danger had been averted quickly gave way to misgivings about the longer term future of the agreement, especially as the U.S., which voted against the final deal, is understood to be considering withdrawing. The sombre mood which had characterised the market earlier in the week returned and the January price ended £84 down on balance at £1,682.50 a tonne.

In contrast the recent, more cheerful mood in the world sugar market was maintained. Even a higher-than-expected 1985-86 production forecast from F. O. Licht, the respected West German sugar statistics agency, could not prevent the London daily raws price from climbing $6.50 on the week to $136 a tonne.

Licht put 1985-86 production at 97.7m tonnes, nearly 2m tonnes above recent trade estimates.

A report from London trade house E.D. & F. Man yesterday said mixed 1985/86 production prospects and continuing good offtake were expected to maintain sugar values in the near term.

Silver prices sank to the lowest level for more than three years early in the week but were then buoyed up by news that the Hunt family of Dallas had sold most of the hoard of 59m troy ounces it built up in the late 1970s in an abortive attempt to corner the market. Concern about the liquidation of this holding, as ordered by the U.S. Federal Reserve, has been a depressing factor on the silver market for some time. The London spot silver fixing ended the week 13.15p up at 443.85 a troy ounce.



WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium	$1015/35	+15	$1080/1110	[illegible]	[illegible]
Cotton Index	£650	—	£1520	[illegible]	[illegible]
Des. Coconut	$857.75	−0.75	$244.75	$262.5	$208.75
Gas Oil Fut. Nov.	$360		$945		$365
Jute UA-BWC grade	58.25p	+0.25	60p	76p	57.50p
Rubber kilo	$600		$670	$670	$515
Sisal No. 3	$136z	+6.6	$116	$142.5	$82
Sugar (Raw)			350p	345p	180p
Tea (quality) kilo	108p		270p	255p	102p
(low med) kilo					
Wooltops 64s Super	425p kilo	+5	470p kilo	526p kilo	488p kilo

† Unquoted. (z) Madagascar. (u) November-December. (v) September-October. (x) November. (y) December.

INDICES

FINANCIAL TIMES

Oct. 3	Oct. 2	M'th ago	Year ago
301.68	261.46	254.36	289.76

(Base: July 1 1952=100)

REUTERS

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 2	Oct. 1	Month ago	Year ago
Spot	113.23	113.04	—	124.97
Fut.	118.45	116.05	—	125.03

(Base: December 31 1931=100)

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	700.5-1.5	+4.5	697/696.5
3 months	722.5-3	+5	723/714

Official closing (am): Cash 696-.5 (698-.5), three months 718-.5 (720-.5), settlement 696.5 (698.5). Final Kerb close: 726-7. Turnover: 11,900 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/low
Cash	978-9	−1	976/978
3 months	1001.5-2	−2.0	1006/996

Official closing (am): Cash 975.5-6 (978-.5), three months 998.5-9 (1002.5-3), settlement 976 (978.5). Final Kerb close: 1003-0.

Cathodes			
Cash	964-5	−0.5	962/961
3 months	988-9	−8	

Official closing (am): Cash 961-2 (963-4), three months 985-6 (988-90), settlement 962 (964). Turnover: 17,550 tonnes. U.S. Producer prices 66/69 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	
Cash	278.5-9.5	+0.75	278/277.5
3 months	286.5-7	+0.38	287/286

Official closing (am): Cash 277.5-8 (278.25-.5), three months 285.5-7 (287-.5), settlement 278 (279.5). Final Kerb close: 285.5-6. Turnover: 4,950 tonnes. U.S. Spot: 18.5/20 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	3150-60	—	3110/3110
3 months	3160-5	—	3180/3100

Official closing (am): Cash 3110-5 (3170-5), three months 3120-5 (3175-80), settlement 3115 (3175). Final Kerb close: 3175-80. Turnover: 875 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	8690-5	−42.5	—
3 months	8630-1	−45	8634/8638

Official closing (am): Cash 8655-60 (8745-50), three months 8610-1 (8690-5), settlement 8660 (8750).

Standard			
Cash	8690-5	−42.5	—
3 months	8634-5	−47	8645/8600

Official closing (am): Cash 8655-60 (8745-50), three months 8610-1 (8690-1), settlement 8650 (8730). Final Kerb close: 8650. Turnover: 1,950 tonnes.

ZINC

Highgrade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	471.5-2.5	+6	
3 months	476.6-7.5	+5	480/469

Official closing (am): Cash 465-7 (467-8), three months 471.5-2 (473-4), settlement 467 (468). Final Kerb close: 478-9. Turnover: 10,000 tonnes. U.S. Prime Western: 38/38.75 cents per lb.

GOLD

Gold fell $1½ an ounce from Thursday's close in the London bullion market yesterday to finish at $327½-328. The metal opened at $330½-331 and traded between a high of $332-332½ and a low of $326¾-327¾. Trading was quiet for most of the day and the lower close reflected heavy profit taking in silver at the day's high. In addition the dollar showed a firmer tendency in the afternoon.

GOLD BULLION (fine ounce) Oct. 4

Close	$327½-328	(£200½-201)
Opening	$330½-331	(£231.301½)
M'nl'g fix	$330.55	(£231.587)
Aft'n'n fix	$328.00	(£230.614)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$333-333¾	(£234¾-235¼)
½ Krug.	$174-174¾	(£122½-120¼)
¼ Krug.	$88¾-89½	(£62½-63)
1/10 Krug.	$36-36¾	(£25½-26)
Mapleleaf	$338-338¾	(£238¼-238¾)
New Sov.	$78-79¾	(£55¾-50¼)
½ New Sov	$47¼-48	(£33¼-30¾)
Old Sov.	$81½-83	(£57¼-58½)
$20 Eagle	$460-500	(£324¼-362½)
Noble Plat	$326-330	(£230¾-205½)

SILVER

Silver was fixed 14p an ounce higher for spot delivery in the London bullion market yesterday at 443.85p. U.S. cent equivalents of the fixing levels were: spot 635c, up 27.3c; three-month 648.45c, up 27.9c; six-month 661.25c, up 28.85c; and 12-month 689.35c, up 30.35c. The metal opened at 447-450p (640-643c) and closed at 444-447p (631-634c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	443.85p	+14.8	444.5p	+5
3 months	455.80p	+14.3	457.25p	+6
6 months	467.65p	+14.8	—	—
12 months	491.05p	+15.6	—	—

LME—Turnover: 50 lots of 10,000 oz. Three months high 458p, low 457p, final Kerb 458-9p.

RUBBER

PHYSICALS—The London market opened about unchanged, was marked up on sterling weakness but attracted little interest and closed uncertain, reports Lewis and Peat. Closing prices (buyers): spot 58.25p (58.50p); November 57.00p (57.25p); December 57.00p (57.25p). The Kuala Lumpur fob price for RSS no 1 was 186.5 (186.0) cents per kg.

COCOA

Futures opened about unchanged and moved in a narrow range until the late afternoon when values eased. Physical activity was light, producers and consumers content to stand aside. In the secondhand market interest was concentrated on the forward positions, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
Dec.	1775-1778	−6.0	1784-1775
March	1810-1816	−7.0	1825-1814
May	1840-1841	−11.0	1853-1840
July	1852-1853	−11.5	1862-1852
Sept.	1857-1858	−11.5	1858-1857
Dec.	1838-1840	−6.6	1846-1840
Mar.	1925-1845	−14.0	—

Sales: 4,293 (3,268) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for October 4: 110.21 (111.33); five-day average for October 7: 110.58 (110.50).

COFFEE

During a quiet session prices remained in a narrow range in light volume, reports Drexel Burnham Lambert. Steadier sterling promoted initial losses but values rose gradually in the afternoon as the pound fell by 2 cents against the dollar.

COFFEE	Yesterday's Close	+ or −	Business Done
Nov.	1595-1596	−17.6	1606-1588
Jan.	1608-1655	−10.5	1640-1628
March	1662-1663	−14.0	1672-1656
May	1682-1688	−11.5	1705-1690
July	1725-1728	−11.0	1735-1725
Sept.	1750-1765	−0.0	1770-1760
Nov.	1770-1799	−8.0	—

Sales: 1,101 (1,403) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 3: Comp daily 1979 120.20 (120.23); 15-day average 119.29 (119.16).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Nov.	165.50	—	166.26	+6.16
Jan.	108.70	—	109.65	+0.28
Mar.	111.60	−0.10	112.66	+0.18
May	114.70	−0.06	115.00	−0.16
July	117.55	−0.18	—	
Sept.	97.26	−0.25	97.25	−0.20

Business done—Wheat: Nov 105.75-5.55, Jan 109.05-8.70, Mar 112.05-1.65, May 115.05-4.70, July 117.60-7.55, Sept untraded. Sales: 170 lots of 100 tonnes. Barley: Nov 107.10-6.85, Jan 109.90-9.50, Mar 112.85-2.60, May 115.00 only, Sept untraded. Sales: 120 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 102.40, E Mids 100.90, N East 102.90, Scotland 99.10. The UK monetary coefficient for the week beginning Monday October 14 (based on HGCA calculations using 3 days' exchange rates) is expected to change to 1.000.

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 15 per cent Oct 126.25, Nov 127.25, Dec 128, Jan 131.75 transhipment east coast. U.S. no 2 soft red winter Oct 105.25, Nov 107.50, Dec 108.50, Jan 110.25 sellers. EC French. Oct 123.00. English feed fob Oct 108-109 buyer/seller, Nov 109.50, Dec 110, Oct/Dec 109 sellers, Jan/Mar 113.25-113.50 buyer/seller, Apr/Jun 117.50 buyer. Maize: U.S. no 3 yellow French transhipment east coast, Oct 135, Nov 137, Dec 139 sellers. Barley: English feed fob Oct 107, Dec 112.25 paid Scotland, Nov 110, Jan/Feb/Mar 115/115.25 paid east coast, Oct 111.25-112.75 paid cif Continent, Oct 107.50, Nov 110 buyers, Dec 112 buyer English, 111.25-112.25 buyer/seller Scottish, Jan/Mar 115.25-116.50 buyer/sellers. Rest unquoted.

MEAT

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov.	116.90	116.20	116.10-15.8
Feb.	102.60	103.00	106.00-02.8
April	104.00	104.30	104.00
June	101.70	101.80	101.70-01.5
Aug.	100.60	100.50	—
Oct.	107.90	—	108.00-07.5

Sales: 105 (53) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.10p per kg lw (+0.95). GB—Sheep 149.40p per kg est dcw (+0.39). GB—Pigs 79.94p per kg lw.

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or −	Business Done
October	115.8-125.8	—	—

Sales: 1,085 (413) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $136.00 (£95.00), up $2.50 (up 50p) a tonne for October-November delivery. White sugar $176.60, up $2.00.

The market was unable to sustain the overnight levels and the underlying support area was tested once again, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	141.8-141.4	145.4-144.0	142.0
Mar.	148.2-148.8	151.6-151.4	151.2-148.8
May	152.0-152.4	154.6-155.0	156.2-151.5
Aug.	158.2-159.2	161.4-161.2	161.6
Oct.	165.6-164.2	166.2-167.8	—

Sales: 958 (1,880) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £198.50 (£199.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 3: Daily price 5.03 (5.08); 15-day average 5.12 (5.13).

FREIGHT FUTURES

Pre-market rumours of further falls in rates for Gulf/Japan business resulted in a 30 point fall on the opening, basis October. The lows were short-lived as levels recovered over the morning. Levels gradually recovered further but final quotations were still weak, reports Clarkson Wolff. The Baltic Freight Index was 896.5, down 15.5.

	Close	High/Low	Prev.
Oct.	865/870	865/950	875/886
Jan.	875/976	876/850	887/890
April	836/945	855/920	940/948
July	850/865	—	846/900
Oct.	920/856	—	936/930
Jan.	930/970	—	930/976
April	1016/1060	—	1610/1050
July	936/980	—	946/1006

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Oct 603.6, 605.6, 605.6-602.1; Dec 611.0, 612.0, 612.0; Mar 616.0, 620.5, 620.0; May 624.0, 630.0; July 626.0, 625.6; Oct 610.0, 624.0; Dec 618.0, 629.0.

U.S. MARKETS

PRECIOUS METALS backed off from earlier highs, partly in response to a strengthening U.S. dollar and partly in reaction to Thursday's strong advance, reports Heinold Commodities. Copper attracted buying at technical support levels in anticipation of a further decline in LME stocks. Sugar failed to break through technical resistance areas and then attracted speculative selling. Lower coffee values attracted light roaster price fixing but activity was subdued as traders attended a convention in the Bahamas. Cocoa lacked fresh fundamental news but weakened on arbitrage pressure. Cotton failed to achieve technical goals and weakened on disappointed long liquidation. Heating oil uncovered support after early weakness on fears that Opec members would act unilaterally rather than attempt to uphold Opec guidelines. Grains and soyabeans were unchanged as export business thwarted attempts at rallies based on concern over harvest delays.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
		—	—	44.05
Oct	44.35	—	—	44.55
Nov	44.78	—	—	44.75
Dec	45.05	45.16	44.60	45.18
Jan	45.40	—	—	45.85
March	46.15	46.20	45.95	45.85
May	46.85	46.75	46.75	46.55
July	47.55	—	—	47.25
Sept	48.25	—	—	47.95
Dec	40.30	—	—	40.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.85	60.85	60.70	60.72
Dec	59.24	59.85	59.35	59.68
March	60.58	60.65	60.30	60.60
May	60.85	60.65	60.71	61.01
July	59.55	59.70	59.35	59.70
Oct	53.95	54.45	53.85	54.45
Dec	53.00	53.50	52.80	53.45

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	29.05	29.11	28.88	29.31
Dec	28.49	28.52	28.22	28.77
Jan	27.96	27.99	27.70	28.25
Feb	27.46	27.50	27.20	27.80
March	27.03	27.03	26.82	27.36
April	26.63	26.60	26.55	27.02
May	26.30	26.35	26.20	26.70
June	26.00	26.05	25.95	26.35
July	25.82	25.82	25.70	26.10
August	25.60	25.60	25.60	25.01

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	328.2	330.2	327.0	329.0
Nov	330.1	332.0	332.0	331.8
Dec	332.2	334.5	330.3	333.0
Feb	336.5	338.7	335.0	338.2
April	340.7	342.2	339.8	342.4
June	345.1	348.8	344.5	346.8
August	349.7	—	—	351.4
Oct	354.6	—	—	356.8
Dec	359.4	358.5	358.5	361.1
Feb	364.5	366.4	366.4	366.2
April	369.7	—	—	371.4
June	375.2	377.0	377.0	376.0
August	380.0	—	—	382.6

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest
Nov	83.25
Dec	83.30
Jan	82.90
Feb	81.60
March	78.00
April	74.55
May	72.90

PLATINUM 50 troy oz, $/troy oz

	Close
Oct	318.4
Jan	323.8
April	327.3
July	331.8
Oct	336.8

SILVER 5,000 troy oz, cents/troy oz

	Close
Oct	632.1
Nov	635.4
Dec	640.0
Jan	644.4
March	654.0
May	661.9
July	671.4
Sept	681.7
Dec	697.5
Jan	703.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close
Jan	0.17
March	5.55
May	0.73
July	5.94
Oct	8.28
Jan	6.50
March	6.90

ORANGE JUICE 15,000 lb, cents/lb

	Close
Nov	129.15
Jan	127.35
March	126.50
May	125.40
July	124.55

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close
Oct	90.27
Dec	63.17
Feb	61.37
April	61.90
June	62.65
August	60.90
Oct	60.05

WHEAT 5,000 bu min, cents/60lb bushel

	Close	High	Low	Prev
Dec	293.8	295.8	292.4	295.4
March	301.0	303.4	293.4	302.0
May	296.0	298.6	295.4	298.2
July	281.2	284.0	280.6	282.2
Sept	284.2	288.0	284.2	287.2
Dec	294.2	296.0	294.2	296.0

OIL

An inconclusive end to the Opec meeting depressed Brent and WTI prices in active trade. Nymex opened 43c down for November but by 1.30 pm EDT had recovered to 30c down. On the petroleum products market gas oil and naphtha fell heavily early in the day on the Opec news but prices recovered later on to close only $2 down. Heavy fuels were quiet on uncertain trade—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.05-27.80	—
Arab Heavy	26.65-26.75	—
Dubai	26.80-26.93	−0.025
Brent Blend	28.65-28.75*	−0.225
W.T.I. (1 pm est)	28.80-29.88	−0.45
Forcados (Nigeria)	28.75-28.80	−0.25
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	285-289	—
Gas Oil	268-269	−2
Heavy fuel oil	106-137	—
Naphtha	248-250	−9

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or −	Business Done
Oct.	255.66	−3.75	258.00-55.25
Nov.	257.75	−4.75	261.00-56.00
Dec.	253.25	−4.00	255.50-51.50
Jan.	250.50	−4.00	251.75-47.50
Feb.	248.00	−3.50	248.00-44.25
Mar.	246.00	−4.00	241.00-37.00

Turnover: 3,855 (2,786) lots of 100 tonnes.

POTATOES

After a slow, unchanged opening, buying interest in a thin market quickly lifted April values to test the £83.00 level. Selling interest here was constant throughout the morning, but resistance was eroded finally and the market closed on a strong note, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	57.86	55.40	58.50-56.00
Feb.	68.50	67.50	—
Apr.	83.20	82.10	83.00-82.10
May	88.76	87.20	89.00-88.50

MARKET REPORT

Interest rate optimism prompts good gains in Gilts

Bid speculation lifts equity leaders

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept 16	Sept 26	Sept 27	Oct 7
Sept 30	Oct 10	Oct 11	Oct 21
Oct 4	Oct 24	Oct 14	Nov 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government securities came to life yesterday, but leading equities marked time before showing a firmer trend in the afternoon.

Hopes of a reduction in interest rates as sterling showed early strength against the dollar encouraged the improvement in Gilt-edged stocks and the Government broker was able to sell the recently issue £250m tranche of Exchequer 10½ per cent 1997 stock at 101½, after having earlier refused bids of 101¼. Already an ½ or so firmer, other medium and long-dated stocks responded to the exhaustion of the remaining taplet and finished with rises extending to ¾. Overshadowed by the longer maturities, rise in the shorts were limited to ⅛. Best levels were not always held as sterling started to slip in the late dealings.

Most blue chip industrials were little changed in the first couple of hours of trading, but helped to a certain extent by the performance of Gilts, prices began to rise. The late setback in sterling against the dollar prompted a revival in some of the Internationals, but a bout of speculative activity in several of the leaders was largely responsible for the after hours' advance. **Imperial Group** recorded an above average rise of 11 at 207p following a big traded options business accompanied by persistent takeover talk. **Distillers**, also a current bid favourite, showed to advantage in the late dealings.

Reflecting the trend, the Financial Times Ordinary share index, extended a gain of only 3.1 at 3 pm to one of 5.6 at the close of 1,015.5. Over the week the index recorded a rise of 26.9.

Meanwhile, second-line issues also came in for a fair amount of bid speculation, with Brewery shares again well to the fore. The postponement of a decision on quotas at the Opec meeting made little impression on the Oil sector.

Clearers wanted

Neglected of late, the major clearers ended the week with a flourish following some good buying throughout the session. Closing improvements of 11 were recorded in Barclays, 380p, Lloyds, 417p, and Natwest, 637p. Midland ended 4 dearer at 395p. Hire Purchases provided a few firm features with Provident Financial once again outstanding for a fresh gain of 13 making a jump of 30 on the week at 307p; the rise has been accompanied by persistent takeover gossip. Perennial takeover favourite First National Finance Corporation added 3 to 131p following revived speculative support and Cattles Holdings edged forward a penny to 36½p in reply to an investment recommendation.

Elsewhere, Kleinwort Benson firmed 10 afresh to 455p.

Life issues came alive in Insurances with sentiment boosted by news of London and Manchester's near-40 per cent interim dividend increase; **L & M** closed 13 up at 773p. **Sun Life** put on 10 to 827p and **Refuge** firmed 12 at 355p, while **Prudential** rose 15 to 607p.

AMS Industries made a satisfactory market debut; the shares, offered at 95p, opened at 98p and touched 103p prior to closing at 101p. Thursday's market newcomer, St Ives continued to forge ahead and closed 25 higher at 383p which compares with the minimum tender price of 295p and striking price of 330p.

Bid speculation was rife in the Drinks sector. **Distillers** attracted a flurry of buying interest after-hours and improved to 430p prior to closing a net 6 higher at 422p. **Allied Lyons**, awaiting developments regarding the intimated Elders-led consortium offer hardened 3 to 291p. Among the second-line brewers **Matthew Brown** were prominent and raced ahead to close 20 firmer at 455p on hopes that Scottish & Newcastle will receive permission from the Monopolies Commission to go ahead with another bid for the company; **Scottish & Newcastle** were a shade easier at 175p. Other firm features in the sector included **Vaux Group**, 20 better at 365p, **Greene King**, 4 up at 240p and **Wolverhampton & Dudley**, which rose 6 to 256p. The USM-quoted **G. Ruddle** settled 8 to the good at 173p.

Leading Buildings made selective progress with the undertone still firm on hopes of increased government spending. **Taylor Woodrow** were prominent at 478p, up 11, while **BMC** firmed 6 further to 426p and **Tarmac** improved 4 to 378p. Buyers also showed interest in several secondary issues, notably Allwoods, 5 higher at 115p and Countryside, up another 6 at 314p. **HAT Group** added 3 to 101p following acquisition news and **Phoenix Timber** put on 6 to 96p as a line of stock overhanging the market was cleared. **Bett Brothers** rose 6 to 74p. On the other hand, **Turriff** remained a nervous market awaiting next Tuesday's half-year figures and lost 10 to a year's low of 165p, while **Ben Bailey** shed 2 to 23p following the poor annual figures and final dividend omission.

In the Chemical sector **Foseco** rose 5 to 201p following a broker's circular, while **Thurgar Bardex** gained a penny to 17p in reply to the increased interim profits and confident statement.

Stores irregular

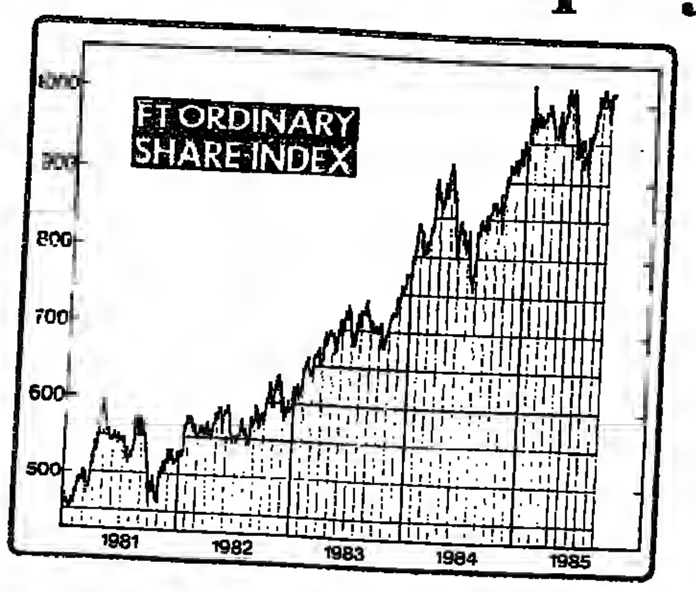
Leading Stores finished on an irregular note. Gussies A continued to attract buyers and rose 13 to 848p and **Woolworth** firmed 6 to 486p, but **Burton** drifted off to close 8 cheaper on balance at 532p. **Marks and Spencer** hardened a couple of pence to 169p. **Sears** were a fraction dearer at 112p awaiting next Tuesday's half-timer. **Dixons** continued to reflect the chairman's bullish statement and rose 10 to 897p.

GEC remained a friendless market, falling 2 to a new 1985 low of 152p with sentiment still depressed by a recent broker's downgraded profits forecast and news of redundancies at three of its telecommunications factories. **Thorn EMI** dropped to 360p on reports that Mr Robert Holmes a Court would not bid for the group before rallying after-hours to close only a couple of pence off at 367p. Elsewhere in Electricals, **Cable and Wireless** revived with a rise of 15 at 590p, while renewed speculative demand in a thin market left **Real Time Control** up 30 more for a two-day advance of 45 at 105p. **Apricot Computer** continued firmly at 85p, up 7. Comcap improved 7 to 207p ahead of Tuesday's interim results. Publicity given to a broker's circular helped **Chloride** harden a couple fo pence to 51p. Speculative buying lifted **Pressac** a further 6 to 105p. **D.J. Security Alarms** moved up 6 to 53p and improvements of 10 and 11 respectively were seen in Miles 33, 330p, and Oxford Instruments, 327p.

Vickers encountered renewed profit-taking and fell 7 to 291p. Elsewhere in Engineerings, **GKN** improved a few pence more to 235p on further consideration of the proposed sale of its BKL Fittings subsidiary to the Japanese. **Beauford** improved 8 to 95p in response to an investment recommendation. **Renold** moved up 5 to 63p. **Porter Chadburn** continued to respond to bid gossip with a fresh rise of 10 at 200p, while **C. H. Bailey** hardened 1½ to 11½p with the help of call option business. **S. M. Firth** touched 69½p before closing 1½ dearer at 66½p, after 60½p.

Leading Foods traded fairly briskly, but noteworthy movements were few. Late support was noted for two of the sector's takeover candidates, **Kwik Save** were finally 6 higher at 225p, while **United Biscuits** ended 3 up at 180p. **Argyll**, a firm market on Thursday on talk of possible defensive bid from Distillers, were finally unchanged at 343p. Elsewhere, **Maynards** slipped 5 to 400p following the board's recommendation of the Ward White offer. Demand ahead of next Wednesday's half-timer lifted **Slaters Food** 8 to 153p.

Ladbroke traded firmly and closed 6 higher at the day's best of 294p. Elsewhere in the Hotel sector, **Queens Moat Houses** firmed 2 to 53½p in response to the board's confident statement on current trading prospects; the company announced the purchase yesterday of a 29.9 per cent stake in the Harrogate International Hotel for £1.1m cash.



Euro ferries up again

Glaxo, still drawing strength from an upward adjustment of profit projections by Wood Mackenzie, improved ½ more making an advance of ¾ on the week at £13¾; the preliminary results are scheduled for October 14. Other miscellaneous industrial leaders were mixed. Despite edging forward a couple of pence to 300p, **Beecham** still sustained a fall of 21 over the five-day period owing to recent profits downgradings. Elsewhere, **European Ferries** continued to make progress, rising 7 more for a two-day gain of 13½ at 134½p in anticipation of an analysts visit to the company's US property subsidiary in Denver. Speculative buying lifted **United Parcels** 13 to 105p, while **Broken Hill Proprietary** rose 4 to a 1985 peak of 426p following the announcement that Mr Robert Holmes à Court's Bell Resources has increased its stake in the company to just over 10 per cent. **Abbey** firmed 4 to 90p in reply to the confident tenor of the chairman's statement at the annual meeting and **Bestwood** reflected cash injection hopes with a rise of 25 to 470p in a thin market. **Comtech** hardened 1½ to 11p on news that Tournesol of Bermuda now holds a 5.3 per cent stake in the company. **Christies International** hardened a few pence to 260p ahead of Tuesday's interim results. By way of contrast, **G. W. Sparrow** fell 4 to 39p, after 38p, on the £0.75m interim deficit.

Jaguar slipped to 269p prior to closing a couple of pence cheaper at 272p on currency influences. Elsewhere in Motors, **Flight Refuelling** rose 20 to 314p reflecting the Chinese contract, while **Jonas Woodhead** added 3 to 37p following details of the sale of its loss-making shock absorber division. A major U.S. acquisition stimulated **Lex Service** which rose 8 to 224p.

Home Counties Newspapers fell 12 to 136p following the poor interim results and reduced dividend.

Properties ended the first leg of the Account on a firm note. **Land Securities** edged up 3 to 314p and **MEPC** hardened a penny to 311p. Buyers showed interest in **Great Portland Estates**, 5 higher at 168p and **Haslemere Estates**, 4 dearer at 520p. **Property Holding and Investment** rose 5 to 130p. Elsewhere, **House Property Company of London** moved up 25 to 290p in a restricted market and **Land Investors** added a penny more to 57p as takeover rumours persisted. **Stewart Nairn** hardened a penny to 17p following the directors' statement on trading prospects, while USM-quoted **Dencora** added 3 to 107p in response to increased interim profits.

Imperial Group highlighted the Tobacco sector and closed 11 higher at 207p amid speculation about an imminent bid for the company; demand was also reinforced by a heavy traded option activity. **Bat Industries** firmed 6 to 271p following a "chart buy" signal, while **Rothmans** found support at 126p, up 4.

The Textile sector also attracted a fair amount of takeover speculation. **Courtaulds**, too, attracted a useful measure of traded option business and touched 158p prior to closing 4 higher at 157p. **Coats Patons** were bought on bid rumours and closed 2 dearer at 149p.

The Financials sector provided several firm features. **Exco International** advanced 13 to 205p on takeover speculation, while **Baltic** settled 12 higher at 272p, after 288p, on the agreed £55m bid from A/S Nei. **Centreway** encountered profit-taking and dipped 3 to 20p but remained 5 firmer over the week.

Burmah advance

The oil majors were a shade easier at the outset of trading following the latest inconclusive meeting of Opec ministers in Vienna where is was decided to postpone discussions on the crucial issue of individual production quotas until December. However, early falls of a few pence or so in **BP** and **Shell** were subsequently recouped. **Britoil** and **LASMO** were well supported and settled up 5 apiece at 210p and 273p respectively, while **Burmah** jumped 10 to 304p on vague talk that a substantial stake in the company had changed hands. **Charterhouse** improved a few pence more to 92p, still boosted by takeover speculation, as did **Ultramar**, 210p and **Tricentrol**, 197p. Among secondary oils **Invent Energy** featured with a £1½ rise to a record £16½ on news that the company had been awarded further exploration licences in the Paris Basin. Irish exploration stocks revived strongly with **Eglinton Oil and Gas** particularly favoured and finally 8 higher at 48p on hopes of an early start to drilling in Colombia. **Bryson** edged up 4 more to 112p, after 115p.

Golds better

Mining markets ended a difficult week on a firm note. South African sectors received a boost from the easier dollar and a firm showing by the bullion price in initial trading and made good progress during the morning session following persistent buying interest from Johannesburg and the Continent. However, this petered out in the afternoon and most issues closed a shade below the day's best levels. Bullion improved in New York overnight following a sharp rise in silver prices and continued to gain ground in London where it touched $331 at one point before easing to close around the $328 level.

The Gold Mines index moved up 5.5 to 287.2 to show a week's fall of 14.4.

Vaal Reefs were outstanding in the leading group and rose a point to £46¾ while **Southvaal** edged up ½ to £21½. Features in the cheaper priced issues included **Kloof**, 13 firmer at 525p, **Hartebeest**, 10 to the good at 270p and **Elandsrand**, a like amount better at 429p.

Movements in the Financial sector were minimal. In South Africans "**Amgold**" slipped £1 to £43¾ and **Gencor** lost 30 at 650p.

Australian mines, which had taken a back seat over the past few weeks as "down-under" industrial raced ahead to record levels, attracted strong support and posted good gains throughout the list. In the leaders **CRA** and **Peko-Wallsend** featured with rises of 14 apiece at 298p and 280p respectively, while **Western Mining** put on 6 to 195p and **MIM Holdings**, 9 to 127p. Among Golds, **Central Norseman** added 10 to 413p, **Gold Mines of Kalgoorlie** a similar amount at 505p and **Sons of Gwalia** 5 at 151p. **Gem Exploration** rose 5 to 98p and **Mount Carrington** improved the same to 67p in a generally buoyant speculative sector.

FINANCIAL TIMES STOCK INDICES

	Oct. 4	Oct. 3	Oct. 2	Oct. 1	Sept. 30	Sept. 27	Year ago
Government Secs	81.51	81.09	81.06	81.06	81.01	80.98	81.00
Fixed Interest	89.65	89.75	89.74	89.42	89.13	89.16	81.70
Ordinary ●	1015.5	1020.9	1011.5	1001.5	993.1	988.6	865.2
Gold Mines	287.2	281.7	291.1	290.3	297.7	301.6	575.5
Ord. Div. Yield	4.60	4.71	4.58	4.72	4.77	4.81	4.95
Earnings, Yld. % (full)	11.15	11.54	11.37	11.67	11.61	11.60	11.54
P/E Ratio (net) (*)	10.79	10.73	11.01	10.66	10.61	10.44	10.13
Total bargains (Est.)	21,189	20,797	21,399	21,426	20,378	19,343	15,176
Equity turnover £m.	—	411.76	426.91	370.05	277.47	389.04	305.75
Equity bargains	—	13,518	16,120	17,003	18,310	20,854	15,051
Shares traded (mln)	—	222.8	211.5	169.3	175.5	213.6	—

● 10 am 1011.7. 11 am 1011.5. Noon 1013.2. 1 pm 1013.1.
2 pm 1013.7. 3 pm 1013.0. 4 pm 1013.5.
Day's High 1017.2. Day's Low 1011.2.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=10.30.

HIGHS AND LOWS

S.E. ACTIVITY INDICES

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		Oct. 3	Oct. 2
Govt. Secs	83.77 (4/10)	78.02 (25/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	117.7	135.5
Fixed Int	89.65 (4/10)	82.17 (25/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	120.0	117.1
Ordinary	1021.5 (22/7)	911.0 (25/7)	1021.5 (22/7/85)	49.4 (26/6/40)	Value	852.5	862.9
Gold Mines	556.9 (15/1)	280.1 (27/9)	734.7 (15/2/83)	43.5 (26/10/71)	5-day Average Gilt Edged Bargains	151.7	151.8
					Equities Bargains	121.5	121.3
					Value	758.1	745.6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 23	Oct 4	Dec 19	Jan 6
Oct 7	Oct 18	Jan 9	Jan 20
Oct 21	Nov 1	Jan 23	Feb 3

For rate indications see end of Unit Trust Service

Money was given for the call of Falcon Resources, Terrex Resources, Oscruta, Abbey Life, GEC, C. H. Bailey, Owners Abroad, LRC, Woodhouse and Rixson, Land Investors and Real Time Control. No puts or double options were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31 1984 based on Thursday October 3 1985

Stores	+32.22	Oils	+8.26
Office Equipment	+29.75	Insurance Brokers	+7.66
Brewers and Distillers	+27.81	Building Materials	+7.22
Shipping and Transport	+27.70	500 Share Index	+7.01
Telephone Networks	+26.93	All-Share Index	+6.93
Newspapers, Publishing	+26.42	Industrial Group	+6.67
Insurance (Life)	+26.36	Property	+6.23
Metals and Metal Forming	+22.10	Banks	+5.41
Packaging and Paper	+21.16	Investment Trusts	+3.14
Motors	+19.36	Health and H'sehold Products	+2.90
Insurance (Composite)	+15.21	Food Manufacturing	+2.73
Contracting Construction	+13.43	Leisure	+0.29
Merchant Banks	+13.73	Capital Goods	−7.82
Other Industrial Materials	+12.86	Electricals	−8.26
Food Retailing	+12.79	Chemicals	−5.31
Consumer Group	+12.53	Overseas Traders	−8.65
Textiles	+12.41	Mining Finance	−9.06
Other Groups	+12.25	Tobaccos	−15.02
Chemicals Group	+10.11	Electronics	−35.77
Mechanical Engineering	+9.06	Gold Mines Index	−41.15

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
95	F.P.	—	103	98	AMS Inds. 5p	102		b51.26	5.0	1.7	15.5
154	F.P.	30/9	41	35	Anglo Utd. Dev.	36		bd1.06	2.1	4.2	16.6
—	F.P.	2/10	7	6	Bardsey Pfd. Ord.	7					
125	100	1/11	148	117	Brit. Oil 10p	128	+5	f15.0	3.0	8.7	6.1
[illegible]	F.P.	—	145	135	Business Mort. Tst.	135	−3	u1.51	3.9	1.6	25.1
90	F.P.	—	105	95	‡Colorgen Inc. $0.01	103		—	—	—	—
125	F.P.	—	145	130	‡Counter Products 5p	130		bg1.75	3.7	1.9	20.3
75	F.P.	—	75	73	‡Electronic Data 5p.	75		bg1.6	4.2	3.1	11.5
[illegible]	F.P.	22/10	123	83	Greenwich Resources	95		—	—	—	—
94	F.P.	30/10	95	78	‡IntraRed $0.10	87		Q3.15c	—	1.8	—
70	F.P.	27/9	29	25	‡Israel-Jack L. 4p.	27		60.5	2.3	9.6	25.0
[illegible]	F.P.	8/11	63	50	‡Just Rubber 10p	58	−2	61.74	3.7	4.4	[illegible]
79	F.P.	8/11	87	80	‡Kewill Systems 5p	80		g1.2	4.3	3.1	15.6
110	F.P.	6/9	115	98	‡Lewmar	107		u2.625	3.0	3.5	15.2
100	50	13/11	47	44	Nat. Home Loans 75p	47	+2	—	—	—	—
180	F.P.	25/10	184	165	‡Questel 10p.	175		bg4.0	3.5	3.3	12.6
330	F.P.	—	383	345	St. Ive's 10p	383	+25	bp8.0	3.1	3.0	15.7
[illegible]	F.P.	—	17	15	Vantage Secs. Wrnts	16		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
97.305	£30	—	31¼	29½	Australia 9½% Ln. 2012	31¼	−¼
91.443	£30	17/1	29½	27½	Bank of Greece 10⅞% Ln. 2010	27⅞	
96.454	£25	27/11	27½	25½	Brixton Est. 10⅝% 1st. Mort. Deb. 2025	27¼	−⅛
98.574	£40	3/12	35½	40½	Est. & Gen. Inv. 11⅛% 1st Mort. Deb. 2015	45½	−⅛
97.617	£25	31/1	27½	25½	Evans of Leeds 11½% 1st. Mort. Deb. 2025	27¼	+⅛
89.166	£30	24/1	42	29½	Intl. Bk. for Rec. & Dev. 9½% Ln. 2015	30	−⅛
100	F.P.	—	95	91½	‡Memory Comp. 7¾% Cnv.R.Pf 1994 5	94½	
100	£50	—	50	47½	Nat. Home Loans 8% Cnv. Uns Ln. 2006	48	
	F.P.	—	100½	99½	Nationwide 11⅞% Bds. 15.9.86	100⅛	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
DM130	Nil	—	55pm	50pm	BASF A.G. DM 50	60pm	
46	Nil	22/11	17pm	14pm	Burns-Anderson 10p	15pm	
55	Nil	11/11	25pm	20pm	City Site Estates	22pm	
165	Nil	6/11	28pm	15pm	DRG	28pm	−1
210	F.P.	2/11	260	245	Emess Lighting	250	
11	Nil	11/11	6pm	1pm	Greenfield Blacks 10p	5pm	
5	Nil	30/10	3pm	3pm	Howard & Wyndham 5p	3pm	
10	Nil	12/11	1pm	1pm	Humberside Elect. 20p	1pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ‡ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ■ Introduction. ◆ Unlisted Securities Market. ‡ Placing price. ‡‡ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (132)

BRITISH FUNDS (32)
INTL BANKS & OVERSEAS GOVT STERLING ISSUES (7)
CORPORATION LOANS (1)
FOREIGN BONDS (1)
BANKS (4)
BREWERS (10)
BUILDINGS (9)
CHEMICALS (1)
STORES (8)
ELECTRICALS (7)
ENGINEERING (6)
FOODS (4)
HOTELS (2)
INDUSTRIALS (19)
MOTORS (1)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (11)
TEXTILES (1)
TOBACCOS (1)
TRUSTS (12)
OILS (1)
NEW LOWS (34)
AMERICANS (15)

CANADIANS (2)
Bk of Nova Scotia — Inco
BUILDINGS (1)
Turriff Cpn
ELECTRICALS (4)
Sinclair Intl — TDS Circuits
GEC — Telemetrix
FOODS (1)
Global
INDUSTRIALS (1)
Qudrah Systems
PROPERTY (1)
Control Secs
TEXTILES (1)
Shaw Carpets
TRUSTS (4)
Cons Venture Ion — Westflemins Amer 7pcLn
Do 120 Wts — North Sea Assets
OILS (1)
Warrior Resources
PLANTATIONS (2)
Bertam — Williamson Tea
MINES (3)
Winkelhaak — Samantha Expln
Rand London

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	83	0	14	269	68	198
Corpns. Dom and Foreign Bonds	15	0	55	79	25	308
Industrials	353	259	872	1,802	1,134	4,512
Financial and Props.	105	75	377	755	252	1,778
Oils	26	15	83	137	91	407
Plantations	8	0	12	16	9	65
Mines	63	16	105	157	250	613
Others	43	82	72	257	282	480
Totals	704	453	1,605	3,472	2,109	8,261

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Br Aerospace	123	433	+1	Glaxo	80	£13⅝	+⅝
ICI	94	657	+20	Sampores	78	103	−15
Allied-Lyons	93	288	−1	Beecham	76	298	−22
Amstrad	91	170	−20	Royal Insce.	74	665	+16
BAT Inds.	90	265xd	+1½	STC	72	84	−2
Distillers	81	416	+20	Shell Trans.	68	700	+40

YESTERDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
St. Ives	23	358	—	Glaxo	13	£13⅝	−⅛
Euro. Ferries	20	127½	+6½	Simon Eng.	13	274	+8
Amstrad	14	170	+16	Scott. & Newc.	12	179	+7
Royal Insce.	14	665	+17	BAT Inds.	11	265	+1
Allied-Lyons	13	288	−2	Distillers	11	416	+5
Empire Stores	13	166	+6	Shell Trans.	11	700	−5

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Baltic	272	+12	Glaxo	£13⅝	−⅛
Brown (Matthew)	475	+20	Imperial Group	207	+11
Burmah Oil	304	+10	Jaguar	272	−2
Courtaulds	157	+4	Renold	63	+5
Enterprise Oil	174		Sun Life	827	+10
European Ferries	134½	+7	Vaux	365	+20

S.E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS

(coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Taylor Woodrow 7¾pcLn 1987-90 £89 (2/10).
Tecalemit 8¼pc 2ndDeb 1985-90 £89.
Television South 14/20pcSuborđLn 1986-1988 £115½ (27/9). 19pcLn 1997 £111 2 (2/19).
Tern Group 9pcPf 1997-2000 (£1) 105 (1/10).
Thompson Organisation 4.72pc 1stPf (£1) 55 9½ 99 (2/10). 5.85pcPrf (£1) 71 (30/9). 21.7pcPrf (25p) 79½. 7¼pcLn 1987-03 £75 (30/9).
Thompson T-Line Ord (25p) 400.
THORN EMI 5pcLn 2004-09 £48 (2/10). 7¼pcLn 2004-09 £70 1 (2/10).

British Assets Tst 4½pcPf £39½ (27/9). 4.5pcPf £45 (30/9)
British Inv Tst 5½pcPf £43 (1/10)
C.S.C. Inv Tst 147 (1/10)
Danae Inv Tst Wts to sub 1 Inc 1 Cap 191.0
Drayton Cons Tst 2.8pcPf £35 (2/10). 3.5pcPf £44½ (2/10). 8½pcALn 1994 £238 (30/9). 0½pcBLn 1994 £240 (30/9)
Drayton Japan Tst 4pcPf £36½ (30/9)
Drayton Premier Inv Tst 7½pcALn 1993 £265 (30/9)
Edinburgh AmAssets Tst 9pcLn 1973-93 (£1) 757♦

South Staffordshire 4.9pc 8 953
Sunderland South Shields 3.5pc £39. 4.2pcPf 1999-89 £84 (1/10). 7pcDb 1986-88 £90½. 7½pcDb 1992-94 £80 (1/10)
West Kent 2.8pcPf (£19) 215 (2/10)
York 7pcDb 1986-88 £01 (2/10)

UNLISTED SECURITIES MARKET

Access Satellite Intnl (5p) 190 3
Applied Holographics (wrnts to sub Ord)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Adamera 264
Ashton Mining 500 60
Assoc Manganese Mines SA £25½ (27/9)
Atlas Inds 21½ (30/9)
Aust Foundation Inv 93 (1/10)
Aust Guarantee Corp 145♦
Aust National Inds 147 (30/9)
Aust Oil Gas 47
Bamboo Gold Mines 5 (30/9)
Base Resources 08 (2/10)
Bayerische Motoren Werke £127½ (1/10)
Beach Petroleum 49½♦
Beatrice Cos US$30¼♦
Bell Group 535 40
Beneficial Corp £20 (2/10)
Berjuntai Tin Dredging 97 (27/9)
Beverly Enterprises £24.90♦ (30/9)
Brambles Inds 278♦
Bristol-Myers £38⅜♦ (1/10)
Bukit Sembawang 95
Burlington Northern £41⅛♦ (30/9)
Central Victorian Gold Mines 3 (1/10)
Cessna Aircraft US$20⅞♦ (30/9)
Cheung Kong Hldgs 168½♦ (3/10)
Club Mediterranee £38½ (2/10)
Coca-Cola £50¼♦ (1/10)
Coles (G. J.) 222 (2/10)
Consolidated-Bathurst A £7⅜ (2/10)
Corning Glass Works £32⅜ (27/9)
Daimler-Benz (DM 50) £263♦ DM 975
Devel Bk Singapore 100 (1/10)
Diamond Shamrock Corp £10¼♦ (27/9)
Digital Equip £78⅝♦
Dome Mines US$8⅞ (27/9)
Dordtsche Pet Inds $41⅞
Dresdner Bk DM 316
Dunlop Olympic 127 (30/9)
East Coast Minerals 30½ (27/9)
Eastman Kodak £31⅝♦ (2/10)
Falconbridge 905
Flow General 340 (27/9)
Forest Labs £17.69♦
Fort Howard Paper £55⅝♦ (1/10)
General Corp £14¾ (1/10)

Terramar Res 93 (27/9)
Terrex Res 35♦ ½♦ 70 2½ 3½ 5
Thyssen £40♦ DM 149½
Tokyo Electric Power £8¼♦
Tri-Continental Corp £17¼♦ (27/9)
Triton Energy Corp US$25⅛♦
Unilever NV (Fl 20) £76.90♦
United O'seas Bank 108
Upjohn 070 (27/9)
USF G Corp US$51⅝ (30/9)
Veba DM 289½♦
Victoria Exploration 15 (2/10)
Volkswagenwerk DM 331
Walker (Hiram) Res £15⅞
Westfield Minerals 55 (1/10)
Westinghouse Electric £20⅛ (30/9)
Westmex 180 (1/10)
Woolworth A 345♦ (2/9)
Wormald Intnl 195♦ (30/9)
Zanex 15 (1/10)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 35 6 ½ (27/9)
Amal Metal Corp 6pcPf (£1) 46 ¼
Arlington Secs (£1) £158.40 (1/10)
Arsenal FC (£1) £525 35
Assoc Hotels (50p) 175
Aston Villa FC (15 votes) (£5) £70 5 (1/10)
Do. (1 vote) (£5) 400 580 (1/10)
BAT Inds Var Fltg Rate Ln 1986-89 £95pc ⅛pc (27/9)
Burrough (James) 9pcPf (£1) 93½

Jersey New Waterworks (£5) 550 (2/10)
Kunick Leisure (10p) 59 1 (2/10)
Le Riches Stores (£1) 540 2
Merrett (10p) 235 6 (27/9)
Midland City Frmrshp (£1) 150 2
Newgate (5p) 11¼ (2/10)
Norton Villiers Triumph (10p) 5 ½ (27/9)
Park Lane Hotel 5.6pcPf (£1) 56 7 (27/9)
Shepherd Neame A (£1) 490 505
Southern Newspapers (£1) 198 ¼ 2 (2/10)
Tadpole Invs (10p) 7 8
Unilever 8pcLn NL 1992 £97⅛pc ¼pc (30/9)
United Trust Credit (£1) 300 (1/10)
Weetabix A NV 147½ 8½ (2/10)
Whitmore 47½ 0 (27/9)
Wisbech (10p) 13 ½ (2/10)
Wolverhampton Racecourse 132 4 (27/9)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral

Stone International Ord (20p) 182 3
Stonehill Hldgs 10¼pcPf (£1) 98 (2/10)
Suter Drdord (5p) 153 (2/10)

T—U—V

TI Group 5.8pcLn 1989-94 £87 (1/10). 9pcLn 1989-94 £86½ (2/10)
Talbot Motor Co 5½pcDeb 1984-89 £83 (30/9)
Tarmac 7½pcDeb 1987-92 £86½ (1/10). 6½pcLn 1990-95 £84 (2/10)
Tate and Lyle 5½pcDeb 1980-85 £180. 7½pc Deb 1989-94 £70½. 6½pcLn 1985-1990 £83 (27/9)

INVESTMENT TRUSTS

Alliance Tst 4pcPf £34 5 (1/10). 5pcPf £43 (1/10). 4½pcDb £35
American Tst 5pcPf £40 (1/10)
Anglo-American Secs 4½pcPf £49½ ½ (2/10)
Anglo Scot Inv Tst 6½pcDb 1984-90 £67 (27/9)
Atlantic Assets Tst 5pcPf (£1) 40 (27/9)
Baillie Gifford Nippon Wartsub 18 (1/10)
Bankers Inv Tst 4pcDb £31
Border and Southern Stkhldrs Tst 11½pcDb 2014 £104½ (30/9)

APPOINTMENTS

BET makes changes

Mr John Griffiths, finance director of Initial since 1983, has moved to BET as group finance manager. Three other members of Initial's finance department have joined him. They are Mr Alan Perrett (now group treasurer at BET), Mr Neil Leyden and Mr Graham Roberts (assistant treasurers). In addition, Mr Derek Walter has joined BET from the Lex Service Group as group controller. Mr John Johnstone has taken over the finance function at Initial as group comptroller.

Mr Ted Weston, managing director of Initial since 1978, who was appointed to the BET board in June, has resigned as chairman of Initial's main operating subsidiaries. Mr Brian Thompson, who joined Initial as an area sales manager in 1961 and became a director in 1978, has been appointed chairman of Advance Services and of Initial's principal operating divisions—Initial Services, Initial Workwear Services and Initial Industrial Services.

Mr Gay Fenn-Smith, former managing director of Advance and now managing director (UK and Europe) of BET subsidiary United Transport, has been appointed a non-executive director of Initial, as have BET executives Mr Roddy Warren and Mr John Allen. Mr Allan has also been appointed chairman of Initial's security subsidiary, Arrow Security Services.

Advance's operations director, Mr Lee Cummins, has become its managing director. Mr Alan Toms, chief executive of the Initial Services division has been appointed chairman of Belfast Laundry and has joined the board of Advance.

★

WATNEY MANN & TRUMAN BREWERS has made the following appointments: Dr A. H. Button, group director, will become chairman of Samuel Webster and Wilsons; Ushers Brewery; and Watney Mann and Truman Maltings. Mr M. G. Delahooke, group director, will become chairman of Watney Coombe Reid & Co; Truman; and the Phoenix Brewery Co. Mr J. B. McGrath has been appointed to the main board of Watney Mann & Truman Brewers as group director to be chairman of Manns Northampton Brewery; The Norwich Brewery Co; and Drybrough & Company. He joins ... continuing as chairman of Watney Mann & Truman Brewers group sales and Watney Mann national sales. Mr D. P. McNaughton is appointed managing director, trading services, responsible for the development of the group's tied and free trade sales. He will relinquish his chairmanship of Samuel Webster & Wilsons following the launch of that new company.

★

A new post, director of corporate affairs, will be created at THAMES TELEVISION following the retirement next March of Mr Donald Cullimore, public relations director. The new director will be Mr Ronald Allison, at present controller, sport and outside broadcasts, at Thames, who will have overall responsibility for the internal and external presentation of policies, programme plans and overall performance. Mr Allison, who will become an executive director of Thames Television, will work alongside Mr Cullimore from the New Year and will be concentrating on those matters inside and outside the company and within and beyond the television industry which will affect Thames in particular and broadcasting in general.

Mr Roy Addison, at present chief press and public relations officer, will become press and publicity director. Mr Mike Harvey, now publicity controller, will also move to wider responsibilities as controller, press and publicity. These changes become effective on January 1 1986.

★

The University of Strathclyde has appointed Professor Neil Hood, an economic consultant to the Secretary of State for Scotland, as dean of the STRATHCLYDE BUSINESS SCHOOL. He holds the chair of business policy at the university and is co-director of Strathclyde International business unit.

★

Mr Richard Soper, who has headed STC's telecommunications marketing for nine years—most recently as commercial director of STC Telecommunications, has been appointed president of STANTEL TELECOMMUNICATIONS, the name under which the company operates in the U.S. He will be based at the new head office in

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth

Allied Dunbar Unit Trusts PLC (a)(g)

Aitken Hume

Antony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Ardwright Management

Atlanta Unit Managers Ltd.

Baillie Gifford & Co. Ltd.

Barclays Unicorn Ltd.(a)(c)(g)

Baring Fund Managers Ltd.

Barrington Mgmt Co Limited

Bishopsgate Progressive Mgmt. Co.

Brewin Dolphin Unit Tst. Mngrs Ltd.

Bridge Fund Managers (a)(c)

Britannia Unit Trust Managers Ltd. (a)(c)(g)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd. (a) (c)

CS Fund Managers Limited

Canada Life Unit Trust Mngrs. Ltd.

Cannon Fund Managers Ltd. (a)

Capel (James) Mngt. Ltd.

Cater Allen Unit Tst. Managers

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a) (g)

Confederation Funds Mgt. Ltd. (a)

County Bank UT Ltd

Crown Unit Trust Services Ltd.

Dartington Unit Trust Mgmt. Ltd.

Discretionary Unit Fund Managers

Drummond Fund Mangt Ltd

Dunedin Unit Tst Mngrs Ltd

EFM Unit Trust Managers Ltd

Eagle Star Unit Mngrs Ltd

The English Association

Equitable Units Administration Ltd

Equity & Law Un. Tr. M. (a) (c)

F & C Unit Management

FS Investment Managers Ltd.

Fidelity International Management Ltd.

Fleming Robert & Co. Ltd

Frambington Group (a)

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court

G. & A. Trust (a) (g)

G.T. Unit Managers Ltd.

Gartmore Fund Managers (a) (c) (g)

Global Asset Management

Govett (John) Unit Mngt. Ltd.

Granville Unit Tst Mgrs Ltd

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.(a)

Guinness Mahon Unit Trust Managers Ltd.

Hambros Bank Unit Trust Managers Ltd (a) (c)

Henderson Administration (a) (b) (c)

Heritable Unit Managers Ltd

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.

Ivory & Sime

James Finlay Unit Trust Mngt. Ltd.

Key Fund Managers Ltd. (a)(c)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd

Laurentian Unit Tst Mngmnt Ltd

Lawson Fund Managers Ltd.

Lazard Brothers & Co. Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

London & Manchester (Tst Mgmt) Ltd

London Law Unit Trust Mngt. Ltd.

M & G Group (y)(c)(z)

MGM Unit Managers Ltd.

MLA Unit Trust Management Ltd

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercap Unit Trust Mngrs Ltd (a)(c)(g)

Mercury Fund Managers Ltd.

Midland Bank Group U.T. Mngrs. Ltd.

MIM Unit Tst Mgrs Ltd

Minster Fund Managers Ltd.

Murray Johnstone U.T. Mgmt. (a)

NFU Mutual Unit Managers Ltd.

National Provident Inv Mgrs Ltd

Northgate Unit Trust Managers Ltd. (c)(g)

Norwich Union Insurance Group (a)

Octavian Unit Trust Mgrs Ltd

Oppenheimer Fund Mngt Ltd.

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	43.8	47.9	+0.3	3.22
Accum Units	94.3	100.3	+0.3	3.22
Pearl Inc.	88.7	94.4	-1.4	5.21
Pearl Unit Tst.	94.2	100.2	+0.4	4.10
(Accum. Units)	159.2	169.4	+0.9	4.10

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	188.8	202.4	-0.2	1.95
Income	141.5	151.5	+0.7	6.34
Worldwide Recovery	104.0	11.8	-0.3	2.75
American Growth	52.2	56.0	-0.5	1.19
Intl. Emerging Cos.	57.9	62.2		0.75
Far East Growth Fd.	49.3	52.9	-0.2	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544

Prolific Far East	111.4	119.4	+0.6	[illegible]
Prolific Extra Inc.	62.6	66.6	[illegible]	[illegible]
Prolific Gilt Cap.	84.3	[illegible]	[illegible]	[illegible]
Prolific High Inc.	135.5	[illegible]	[illegible]	[illegible]
Prolific Intl.	91.7	[illegible]	[illegible]	[illegible]
Prolific N. Amer.	106.3	[illegible]	[illegible]	[illegible]
Prolific Spec. Sits.	147.6	[illegible]	[illegible]	[illegible]
Prolific Technology	93.8	[illegible]	[illegible]	[illegible]

Providence Capital Fd. Mgrs.
30 Uxbridge Road, London, W12

Japan Trust	53.4	[illegible]	[illegible]	[illegible]
Worldwide	58.9	[illegible]	[illegible]	[illegible]
European Trust	56.3	[illegible]	[illegible]	[illegible]
North American	45.0	[illegible]	[illegible]	[illegible]
UK Equity	51.5	[illegible]	[illegible]	[illegible]

Prudential Unit Trust Mngrs Ltd.
51-69, Ilford Hill, Ilford, Essex, IG1 2DL

Holborn Equity Tst.	320.8	341.2	-3	[illegible]
Holborn European Trust	47.9	50.9	+0.4	[illegible]
Holborn Gilt Tst.	158.6	165.9	+0.6	[illegible]
Holborn High Inc.	55.9	59.4	+0.1	7.45
Holborn Intl Growth	61.6	65.5	-0.1	0.39
Holborn Japanese Trust	48.4	51.7	+1.7	0.25
Holborn N. Amer. Trust	47.5	50.5	-0.5	2.27
Holborn UK Growth	64.4	68.5	+0.5	3.40

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	327.8	348.8	+5.8	3.62

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	47.4	51.0	-0.8	1.56
Do. Accum	47.9	51.9	-0.9	1.56
TSB Extra Income	93.4	[illegible]		6.56
Do. Accum	96.6	102.8	+0.1	6.55
TSB General	121.4	129.1	+0.6	3.40
Do Accum	196.7	209.2	+1.1	3.40
TSB Gilt & Fxd Int	46.0	50.0	+0.1	9.18
Do. Accum	59.3	61.9	+0.1	9.18
TSB Income	168.5	179.3	+0.8	5.00
Do. Accum	[illegible]	[illegible]	+1.3	5.00
TSB Pacific	107.7	114.1	-0.5	0.71
Do. Accum	109.7	117.0	-0.5	0.71
TSB International	229.8	244.5	-0.9	2.05
Do Accum	279.7	297.6	-1.3	2.05
TSB Natural Resources	45.4	[illegible]	+0.4	2.13
Do Accum	44.2	47.1	+0.4	2.13
TSB Sfgd. Cap.	47.2	50.2	+0.1	[illegible]
Do. Accum	51.1	54.0		2.40

[illegible] Fund Mgrs Ltd
[illegible] Road, Aylesbury, Bucks

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL

Ambassador Life Ass. Co. Ltd.
83 Holdenhurst Rd, Bournemouth

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7.

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Group

Cannon Assurance Ltd.

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Assurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

PBR Fund Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assur. Soc.

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mgmt. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd.

Sun Alliance Fund Management Ltd.

Sun Life Trust Mngt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Temple Bar Unit Trust Mgrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd

Waverley Asset Management Ltd

WestAyon Unit Trust Managers Ltd

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Aetna Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $12.46 | −0.05 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $13.34 | +0.14 | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $10.39 | −0.05 | —
Dynamic Gwth Fd ... $9.34 | −0.03 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.50	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.46	8.72	12.95	6mth
7-day Fnd	11.41	8.68	12.89	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.60	8.73	12.86	6-Mth
7-day Fund	11.26	8.42	12.39	6-Mth
Dollar	6.75	—	6.86	6-Mth
Money Mngt. Acct	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc	11.25	8.00	11.95	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 261161				
High Int Chq Acc	11.63	8.69	12.43	Qr

NOTES—Gross: rate in those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. n Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	38	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	98
Courtaulds	13	Vickers	35
Debenhams	32	**Property**	
Distillers	36	Brit Land	14
FNFC	12	Cap Counties	20
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	28	Brit Petroleum	45
Hanson Tst	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch. 12pc 1985	99	.....	12.26	11.79
101	99	Exch. 11¼pc '86	100¼	.....	11.72	10.80
99¼	97	Treas. 10pcCnv 1986	99	.....	10.04	10.81
96½	92¼	Treas 3pc 1985	96½	+	3.11	8.95
100	97	Exch. 10½pc Cv '86	99	.....	10.53	10.95
101	99¼	Treas 12pc 1986	100	.....	11.92	10.81
98½	94¼	Treas 8¾pc 1984-86‡‡	98½	+	8.63	10.53
105	102	Exch. 14pc 1986	103	.....	13.55	10.66
94½	87¼	Exch. 2½pc 1986	94⅜	–	2.65	7.80
104	101¼	Exch. 13¼pc 1987	103	.....	12.86	10.60
99	96⅝	Treas 10¼pcCv '87	99	.....	10.29	10.53
93⅛	85½	Exch 2½pc 1987	93⅛	+	2.68	7.83
100	96¾	Exch. 10½pc 1987	100	.....	10.50	10.51
95	89	Funding 6½pc '85-87‡‡	95	+	6.83	9.94
99	95	Treas. 10pc 1987	99	+	10.10	10.58
91¼	84¼	Treas 3pc 1987	91⅝	+	3.27	8.17
102	99⅛	Treas. 12pc 1987	102	.....	11.71	10.65
95	90¼	Treas 7¾pc 1985-88‡‡	94	.....	8.17	10.29
100	95	Exch 10½pc '88	100	.....	10.50	10.54
99	93½	Treas 9¾pc Cv '88	98	+	9.95	10.60
87	80	Transport 3pc '78-88	87	+	3.43	8.33
97	91	Treas. 9½pc '88	97	+	9.76	10.57
102¼	97	Treas 11½pc 1989	102	+	11.20	10.50
97	90¼	Treas 9½pc Cnv. '89	97	+	9.78	10.49
83¾	79	Treas 3pc 1989	83¼	.....	3.60	8.49
99	94	Treas 10½pc 1989	99¾	+	10.53	10.56
92¼	92	Exch. 10pc 1989	98¼	+	10.18	10.55
101	95	Exch 11pc 1989	101	+	10.85	10.56
86¼	79	Treas 5pc 1986-89	86¼	.....	5.80	9.17
108	103	Treas 13pc 1990‡‡	108	+	11.96	10.39
101	96	Exch 11pc 1990‡‡	101⅝	+	10.82	10.50
103¼	100¼	Exch. 12¼pc 1990	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years
[illegible]

Over Fifteen Years
[illegible]

Undated
[illegible]

Index-Linked
[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES
[illegible]

CORPORATION LOANS
[illegible]

COMMONWEALTH & AFRICAN LOANS
[illegible]

LOANS
Building Societies
[illegible]

Public Board and Ind.
[illegible]

Financial
[illegible]

FOREIGN BONDS & RAILS
[illegible]

AMERICANS
[illegible]

AMERICANS—Cont.
[illegible]

CANADIANS
[illegible]

BANKS, HP & LEASING
[illegible]

Hire Purchase, Leasing, etc.
[illegible]

BEERS, WINES & SPIRITS
[illegible]

BUILDING, TIMBER, ROADS
[illegible]

BUILDING, TIMBER, ROADS—Cont.
[illegible]

CHEMICALS, PLASTICS
[illegible]

DRAPERY AND STORES
[illegible]

DRAPERY & STORES—Cont.
[illegible]

ELECTRICALS
[illegible]

ENGINEERING
[illegible]

ENGINEERING—Continued
[illegible]

FOOD, GROCERIES, ETC
[illegible]

HOTELS AND CATERERS
[illegible]

HOTELS—Continued
[illegible]

INDUSTRIALS (Miscel.)
[illegible]

مكتبة الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ◆ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98xd	.....	Arnotts	200	.....
Craig & Rose £1	700	.....	CPI Hldgs	58	.....
Finlay Pkg. 5p	51xd	.....	Carrol Inds.	127	+2
Higsons Brew	235	.....	Dublin Gas	75	.....
Holt (Jos) 25p	739	+10	Hall (R. & H.)	60½	+½
IoM Stm. £1	87	.....	Heiton Hldgs.	21	.....
IRISH			Irish Ropes	45	.....
Fund 11¼% 1988	£101¾xd	.....	Jacob (W.& R.)	91	.....
Nat. 9¾% 84/89	£97½	..	Unidare	107	.....
Fin. 13% 97/02	£109	+½			

"Recent Issues" and "Rights" Page 20
(International Edition Page 20)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per

FINANCIAL TIMES
Saturday October 5 1985

Separate pay talks for breakaway miners

BY HELEN HAGUE AND JOHN LLOYD

THE BREAKAWAY Nottinghamshire area of the National Union of Mineworkers is to hold separate talks on pay with the National Coal Board.

Talks with the NUM are scheduled for 10 days' time but the board said it would be "unrealistic" to regard the national union as negotiating on behalf of Notts miners.

The decision to grant separate negotiating rights to the Notts area comes less than two weeks before a crucial pithead ballot which could lead to the establishment of a mining union federation aimed at rivalling the NUM.

Mr Ian Macgregor, the NCB chairman, confirmed the separate negotiations in the course of his first press conference since the end of the mineworkers strike seven months ago. He hinted that the talks with the Notts mineworkers could have a "different outcome" from those with the NUM.

He also indicated that the board might press for the pay settlement to be largely or wholly-based on productivity rather than a flat rate. He said that he had always been interested in performance as a measure of pay increases, adding "that's the way I've always been paid myself."

Mr Peter Heathfield, the NUM general secretary, said it would negotiate "in the normal way" but added that the Notts union was not an independent entity and should not be recognised.

Last night Mr Roy Lynk, general secretary of the Notts area, said the board's decision to negotiate with his area on wages would boost the planned breakaway in the run-up to the secret ballot on October 17 and 18.

He said the area was close to finalising its claim, and that a six-strong negotiating team would meet the board for preliminary talks next week.

Mr Lynk said the Notts area would press for an improved incentive bonus scheme, an early retirement package with lump-sum payments, an across-the-board rise for all grades, and improvements in holiday pay.

He said that while the NUM was committed to scrapping the incentive bonus scheme, his area championed an improved scheme which took into account the principle that effort should be rewarded with money.

Miners in South Derbyshire and a small breakaway group of pitmen in the North East will ballot simultaneously with Notts on the establishment of the new grouping, the Union of Democratic Mineworkers.

Mr MacGregor said the board meeting yesterday had been told that productivity in the pits was now reaching record levels, with an unconfirmed average across the country of 2.8 tonnes per manshift. He said this showed a "dramatic recovery from the end of the stoppage."

He said the figure had been achieved for the week ending September 21—his 73rd birthday. "I couldn't have wished for a better birthday present."

He settled the question of whether or not he would stay as chairman until his contract expires next August with a characteristic barb at the Government.

"They have no choice—for better or worse I'm here. I'm not a quitter. My job was to turn the thing round, get management organised and in place and move on. I don't make a permanent career out of it. At my age you don't plan a 10-year campaign."

Mr MacGregor also welcomed the appointment of Sir Robert Haslam, who will join the board as full-time deputy chairman from May and take over as chairman at the end of August. He said that Sir Robert would provide continuity and carry on the same basic policies.

THE LEX COLUMN

Overtaken by takeovers

This week the London stock market heaved itself back to the heady levels of last June when it was sandbagged by Lord Hanson's cash call and the collapse of confidence in the electronics sector. However, there has not been much dancing in Throgmorton Street; the loudest noise has been the thundering of fund managers' hooves in search of ever more unlikely bid stocks. With whole sectors — such as brewing — returning to their peaks on the basis of interest in one stock, fundamental analysis has proved as useful as blind man's buff.

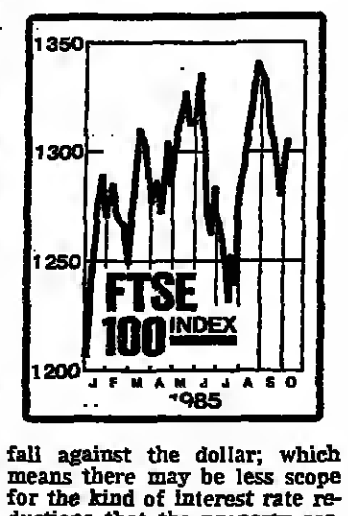
Translation

The recent set of corporate results has indeed shown that all is far from well. The market should have predicted the effect of a stronger pound on translation for the likes of BAT Industries; what is more troubling is the evidence of an often embarrassing lack of competitiveness, previously hidden by the figleaf of a weak currency. If the pound stays where it is against the dollar, the next set of corporate profits will be unlikely to show double-figure growth; and if the dollar weakens further, as the Group of Five has said it should, overseas earnings could merely mark time.

Exporting companies will, however, be pleased by the pound's performance this week. For once, it did as it was told, rising against the dollar and falling against the Deutsche Mark. So the CBI's bugbear of a Mercedes in every British garage holds less terror, and raw materials priced in dollars will be slightly cheaper. This advantage could, however, be offset by rising wage demands. Whatever the growth in disposable income has done for the stores sector, it must emerge either in the form of lower company profits or higher prices.

The Government has perhaps started to abandon its policy of keeping exchange and interest rates high in order to concentrate the minds of companies in wage negotiations. As the election gets closer, unemployment may already have taken over as the prime concern in the time-honoured way and the pressure on the corporate sector to compete against German manufacturers at unfavourable exchange rates is starting to ease. However, if the Group of Five's intentions are to be honoured, sterling cannot be allowed to fall against the dollar; which means there may be less scope for the kind of interest rate reductions that the property sector, for example, is discounting.

Index rose 5.6 to 1016.5



Investors may be disappointed by their companies' profit outlook, but they can rest assured that their shares will be supported by generous—or in the case of the oil sector, positively opulent — dividend payments. In a market where no company is considered immune from take-over, if only from the Antipodes, boards have been buying loyalty in advance, even at the expense of a diminishing dividend cover. Dividends have been growing in double figures for at least 18 months and should continue to do so well into next year, having already overtaken growth in earnings per share. This would be worrying if companies seemed to be paying out more than they could afford. But it has taken a while for dividend growth to catch up with recovery in earnings, and average dividend cover is still a reasonably healthy two-and-a-half times.

Liquidity

Corporate liquidity is apparently no worse than in the spring, though that did not stop companies demanding cash from shareholders at what even then looked like the top of the market. That those rights issues were opportunistic is all the more apparent now. All those corporate vehicles stuck behind the Hanson Trust caravan in those leafy summer lanes might have been expected to slip past the wreck. The closest attempts have been a £30m private placing from United Biscuits to buy some Californian olive groves and a rights issue from DRG. These were never going to break the market's back; and since companies are hardly desperate for cash, they may well be reluctant to face another Hanson debacle.

Public funding through the equity market is quite another matter. The Government still has a whack of asset sales to put through before the next election and while they will undoubtedly be priced to suit the market, there must be a limit to the number of Britishes that the institutions will be prepared to hold. Wider share ownership may help to take a bit of the load, although the terms of the Britoil second offer were scarcely an enticement to the public.

Since the Government looks to have swept £3m under the carpet, pressure has been taken off gilt-edged funding. But fund managers do not typically weight their fixed interest and equity holdings purely according to supply and while the ratio of gilt to equity yields is still over 2:1, there is no great reason why they should do as the Government asks.

Those who are still dabbling in London are doing their best to avoid overseas exposure by buying into sectors such as retailing. Not that the stores sector, at 18 times earnings, looks cheap. Analysts may expect profits growth of around twice the market average in the coming year, but that seems just a little optimistic in the face of refurbishment costs, shorter product lives and increased competition.

Slower

If slower profits growth and a large supply of shares from the Government form a ceiling on the market, today's valuation at least helps to provide a floor. Earnings per share will grow faster than profits next year because of a falling corporate tax rate, and even on conservative assumptions about profits growth, the market stands on a prospective p/e of just over 10—which is hardly the stuff of dreams.

And in these days of low inflation, a prospective yield of nearly 5 per cent, and growing, is a fair rate of return on your money even when share prices are standing still.

U.S. Star Wars effort 'lags behind Moscow'

By Reginald Dale, U.S. Editor, in Washington

THE U.S. said yesterday that Moscow's efforts on a space defence programme were much longer-running, costlier and "far more extensive" than the Reagan Administration's Star Wars programme.

The Administration provided information on the Soviet efforts on the day after Mr Mikhail Gorbachev, the Soviet leader, disclosed details of his latest arms control plan in Paris, and as President Reagan again rejected Moscow's demand that the U.S. drop the Star Wars programme.

"Demands to abandon a programme with real potential for strengthening deterrence and enhancing Western security do not deal with the real issue of peace," Mr Reagan said at a Republican fund-raising lunch. His strategic defence initiative could become "a great protector of our people and the people of the world," he said.

Mr Reagan spoke as the Administration published a glossy booklet entitled Soviet strategic defence programmes, for the first time gathering together all the information that U.S. intelligence is prepared to disclose.

The aim was to provide evidence, despite Moscow's denials, that Soviet scientists have long been at work on research similar to Mr Reagan's, and to counter Soviet suggestions that the U.S. is alone in seeking to militarise outer space.

While the U.S. programme had been the subject of widespread, and welcome public debate, the Soviet Union had "intentionally tried to mislead the public about its strategic defence activities." The document was a rare joint statement by Mr Caspar Weinberger, the Defence Secretary, and Mr George Shultz, the Secretary of State.

Launched in the late 1960s, the Soviet research into advanced defensive technologies represented a far greater investment of plant space, capital and manpower than that of the U.S., the booklet said.

Specifically, Soviet research into laser weapons involved over 10,000 scientists and would cost the equivalent of $1bn (£706m) a year in the U.S. Unlike the U.S., the Soviet Union had progressed in some cases beyond research into the new laser weapons.

Saudis will curb production to ease Opec output problem

BY RICHARD JOHNS IN VIENNA

SAUDI ARABIA yesterday assured other members of the Organisation of Petroleum Exporting Countries (Opec) that its oil output for the last quarter of this year would be about 3.5m barrels a day, rather than its full 4.5m b/d quota.

This might allow collective Opec output to remain within its 16m b/d ceiling despite some members exceeding their quotas. Iraq has already made clear its intention to boost exports by the full 500,000 b/d additional export capacity made available by the link with the Saudi trans-peninsular pipeline system.

Opec's production-sharing agreement remains at risk over the coming months, however, with the possibility of a price-cutting war among its members. The organisation's ministerial conference, which ended here yesterday, agreed to maintain the ceiling set nearly a year ago and to postpone any redistribution of quotas until its next scheduled conference early in December.

Six of the 13 countries attending demanded higher allocations. Iraq dissented from the postponement on quotas, although this was not officially mentioned. Ecuador has said it would continue pumping at a rate of 280,000 b/d, nearly 100,000 above its quota.

Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said: "We will increase production as the market demands," implying that the Kingdom would constrain output so as not to breach the 16m b/d ceiling, the likely level of demand for Opec crude until the end of the year.

Saudi output is already understood to have reached between 3.4m and 3.5m b/d as a result of deals reached with three U.S. oil companies Exxon, Texaco, Mobil and its partners in two export refining projects (Shell and Mobil) on the basis of market-related prices.

Yesterday's conference session was dominated by discussions of Saudi Arabia's net-back agreement, whereby customers pay for crude on the basis of market realisations for petroleum products plus agreed transportation and refining costs. Sheikh Yamani pointed out to delegates that all other members of Opec, except Venezuela and Kuwait, had such pricing arrangements.

However, Dr Subroto, Indonesia's chief delegate and Opec president, said: "This net-back is, indeed, part of the practices which are looked upon as malpractices."

The Saudi move has shaken the Opec members who had become complacent about Saudi Arabia's seemingly infinite willingness to act as the anchor of the organisation's price structure.

Sheikh Yamani acknowledged that Opec was discussing a new "price system" which he did not expect to be negatively affected by the Saudi pricing arrangements.

Demand for Opec crude, which should be sustained at about 16m b/d over the next five months, could fall to about 14.5m b/d next spring, according to most forecasters.

Employers accept one of teachers' demands

By David Brindle, Labour Staff

THE TEACHERS' pay dispute entered a political phase yesterday when the Labour leader of the employers group used a casting vote to drop the conditions the Government wanted attached to any settlement.

In a move said to be without precedent on the management panel of the statutory Burnham pay negotiating committee, Mrs Nicky Harrison ruled that as chairman she was entitled to a casting vote after the panel had divided 13-13 along party political lines.

As a result, the employers have accepted the teachers' unions' demand that their 1985 pay claim be settled before talks begin on reform of salary and career structure and on a tighter teacher contract.

The employers propose informal discussions with teachers' leaders to determine the basis for such a settlement.

Meanwhile, the employers intend to make yet another approach to the Government to seek additional funding for a 1985 settlement and to question whether the £1.25bn four-year package on offer for structure and contract reform is still available.

Funding is one of two considerable obstacles in the way of a settlement. According to employers' leaders, no education authority can afford even the 5.85 per cent pay offer on the table. The unions want at least 7.5 per cent.

The other obstacle is that the unions want the employers to give a firm commitment to future restoration of the claimed 34 per cent erosion of teachers' salary levels since the Houghton awards of 1974. Even the Labour employers are bridling at this.

The possibility of a further stumbling block was raised last night by Mr Philip Merridale, leader of the minority Conservative employers' group, who suggested that Sir Keith Joseph, Education Secretary, might employ a statutory instrument to block any Labour-inspired settlement be considered too high.

In yesterday's vote, the department was allowed two votes, which were cast against the Labour move together with eight Conservatives, one independent and two Liberals. With one Welsh Labour representative absent, Labour could muster only 13.

Tories to debate social policies

BY PETER RIDDELL, POLITICAL EDITOR

CABINET ARGUMENTS over public expenditure, social security and rates reform will be aired at the Conservative Party conference in Blackpool next week, when senior party figures will warn that the Government's policy and its presentation will have to change if the Tories are to win the next General Election.

Mr Peter Walker, the Energy Secretary, is expected to make his annual speech of qualified dissent when he highlights the link between electoral success and both a reduction in unemployment and changing public perceptions of the Government's policies on welfare and the health service. He is due to address the annual dinner of the Tory Reform Group, a broadly "wet" body of which he is president.

Mr Michael Heseltine, the Defence Secretary, is due to speak to a fringe meeting of the same group on "priorities for the 1990s," virtually the same theme as that chosen by the Prime Minister for her final speech on Friday.

Both Mr Walker's and Mr Heseltine's speeches will be seen as offering alternative approaches to that of Mr Norman Tebbit, the party chairman, who will address the main conference twice. The contrasting emphasis could herald a leadership contest after the next General Election.

Mr Tebbit will seek to take the initiative for the leadership ahead of the conference in television interviews tomorrow.

Several ex-ministers and prominent back-benchers are expected to talk at a variety of fringe meetings during the week about the need for action against unemployment so as to win the election.

Sir Ian Gilmour, the former Deputy Foreign Secretary, is due to address the Child Poverty Action Group on social security. He is likely to renew his criticism of the proposed phasing out of the state earnings-related pension scheme (Serps) and to question whether current economic policies will reverse the 300,000 rise in unemployment since the last General Election.

Mr Norman Fowler, the Social Services Secretary, is expected to come under both private and public pressure to delay and modify the phasing out of Serps following protests by business and the insurance industry.

The social security White Paper is due to be considered by a Cabinet committee at the end of this month.

The other main interest will be in whether there is much public criticism of policy presentation during a debate on this which has attracted more motions from local parties than any other subject.

Most criticisms will be expressed away from the conference floor, although party managers are concerned that the anger of Scottish Tories over the highly unpopular rating revaluation North of the border will erupt during Wednesday's discussion of rates reform.

Mr Kenneth Baker, the Environment Secretary, who is due to reply to the debate, will—contrary to earlier hopes—not be able to give any indication of how the Government intends to reform the system. This is because of continuing disagreements among ministers about possible changes.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treas 13pc 2000	£121⅞	+ ⅝	Imperial Group	207	+ 11
Apricot Computers	85	+ 7	Invent Energy	£16¼	+ 1¾
Baltic	272	+ 12	Kwik Save	228	+ 6
Barclays	382	+ 14	Lex Service	224	+ 8
Bass	602	+ 10	Provident Financial	307	+ 13
Beauford	93	+ 8	Real Time Control	105	+ 30
Brown (Matthew)	435	+ 20	St Ives	383	+ 25
Burmah Oil	304	+ 10	Taylor Woodrow	478	+ 11
CRA	298	+ 14	United Parcels	105	+ 13
Distillers	422	+ 6	Vaux	365	+ 20
Egliolon Oil & Gas	48	+ 8	FALLS		
European Ferries	134½	+ 7	Home C'ties News	136	− 12
Exco Intl	205	+ 13	Sparrow (G. W.)	39	− 4
Flight Refuelling	314	+ 20	Vickers	291	− 7

WORLDWIDE WEATHER

UK today Widespread showers with sunny intervals although Eastern and Central areas dry at first. Gale-force winds.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Dallas	S	22	72	Madeira	F	25	77	Perth	F	19	66
Algiers		—	—	Dublin	F	15	59	Madrid	F	23	73	Prague	S	23	73
Amsdm.	R	15	59	Dbrvnk.	S	25	77	Majorca	S	28	82	Reykjvk.	F	8	46
Athens	S	28	82	Ednbgh.	F	16	61	Malaga	S	30	86	Rhodes	S	26	79
Bahrain	S	35	95	Faro	S	24	75	Malta	F	26	79	Rio J'o	S	24	75
Barclna.	S	26	79	Frankft.	S	26	79	M'chstr.	R	16	61	Rome	S	26	79
Beirut	S	26	79	Geneva	S	24	75	Melbne.	S	23	73	Salzbrg.	S	25	77
Belfast	C	14	57	Gibraltar	S	27	81	Miami	F	31	88	S F'cisco	S	26	79
Belgrd.	S	27	81	Glasgow	C	14	57	Milan	F	25	77	Singapr.	F	31	88
Berlin	S	26	79	G'nsey	C	17	63	Montrl.	C	16	61	S'tiago		—	—
Biarritz	F	22	72	Helsinki	R	14	57	Moscow	C	12	54	Stckhm.	S	19	66
Bmghm.	F	18	64	H. Kong	S	28	82	Munich	S	25	77	Strasbg.	S	26	79
Blackpl.	F	16	61	Innsbrk.	S	22	72	Nairobi	C	26	79	Sydney	S	30	86
Bordx.	F	23	73	Invrnss.	F	14	57	Naples	S	26	79	Tangier	S	24	75
Boulgn.	F	17	63	I.o.Man	S	15	59	Nassau	F	30	86	Tel Aviv	S	26	79
Bristol	F	17	63	Istanbul	S	24	75	Nwcstl.	C	15	59	Tenerife	S	27	81
Brussels	C	18	64	Jersey	F	18	64	N Delhi	F	32	90	Tokyo	C	25	77
Budpst.	S	25	77	Jo'burg	S	27	81	N York	R	16	61	Toronto	S	17	63
Cardiff	F	15	59	L. Plms.	S	26	79	Nice	S	24	75	Valencia	S	30	86
Cape T.	C	16	61	Lisbon	F	22	72	Nicosia	S	28	82	Venice	F	22	72
Chicago	F	12	54	Locarno	S	21	70	Oporto		—	—	Vienna	S	22	72
Cologne	F	24	75	London	R	16	61	Oslo	F	14	57	Warsaw	S	23	73
Conhgn.	S	17	63	L. Ang.	F	27	81	Paris	S	21	70	Zurich	S	23	73
Corfu	S	27	81	Luxmbg.	C	20	68	Peking		—	—				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.

Labour conference fails to fix economic strategy

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

LABOUR LEADERS yesterday left the party's Bournemouth conference elated at a far more successful meeting than expected but acknowledging it had avoided many economic questions key to fighting the next general election.

The shadow Cabinet will meet for two days next week to decide economic strategy, aiming for a comprehensive document by this time next year.

In the immediate wake party chiefs will be watching whether the commanding performances of Mr Neil Kinnock, Labour Party leader, in the conference-hall have raised party standing in the country.

Many will also be waiting to see whether divisions opened by his attack on the far left are indeed, as the Labour leader has said, between the vast majority of the party and a small, so-called unimportant splinter group.

The first indications will come in shadow Cabinet elections this month. In these the soft Tribune left and far-left Campaign Group will have to co-operate if they are to increase left-wing representation on this traditionally right-dominated body.

Conference report, Page 5; Kinnock's gamble, Page 7.

Dollar

Continued from Page 1

about the prospects for further dollar declines.

For its part, sterling was hit yesterday by concern over the failure of the Organisation of Petroleum Exporting Countries meeting to agree about action on output and pricing. It lost 1.1 cents in London to finish at $1.415 before turning up to $1.42474 by the New York close, responding to the weaker dollar.

As finance ministers and central bankers arrived in Seoul for the IMF-World Bank annual meeting, it emerged that the Group of Five members plan a meeting today to review their strategy on the dollar.

The group has been told that intervention in 10 days had involved the Bank of Japan spending $1.3bn, the Fed about $300m, the West German Bundesbank about $250m, the Bank of France about $400m and the Bank of England about $200m. The central bank of Italy, which is not a member of the group of five, had sold about $1bn.

Continued from Page 1

Mitterrand

including that of Mr Sakharov, had been handed over to the "competent" Soviet authorities.

David Brown reports from Stockholm: The Soviet Union yesterday elaborated on its willingness to negotiate the exchange between Nato and the Warsaw Pact of a 12-month calendar of planned military movements.

The idea was floated by Mr Gorbachev in his speech on Thursday when it became clear that the Russians are looking for progress in the relatively tractable issues under discussion in Stockholm.

It is the first time Moscow has agreed to take up the proposal, which was initiated by Nato and later adopted by the nine neutral and non-aligned states at the Stockholm talks. These have been grappling since January 1984 with proposals to reduce the risk of an outbreak of war in Europe as a result of accident or miscalculation.

● Responding to Mr Gorbachev's initiative, Sir Geoffrey Howe, the Foreign Secretary, yesterday said in Bonn that Britain had "never said never" to the idea of cutting its nuclear forces. However, the UK could review its own nuclear position only in the light of any U.S.-Soviet agreement to make deep arms cuts.

·MARKETS·

WEEKEND FT

Saturday October 5 1985

·MARKETS·FINANCE & THE FAMILY·PROPERTY·TRAVEL·MOTORING·DIVERSIONS·HOW TO SPEND IT·BOOKS·ARTS·TV·

Boots and all in Bavaria

They started out as two brothers making shoes. Then came a bitter feud and the formation of Adidas and Puma as rivals for world supremacy in sporting fashions. Peter Bruce reports.

AS A model of its kind, Herzogenaurach is disappointing. There are better preserved mediaeval towns in franconian northern Bavaria. It is small and quiet—only two people died in road accidents in 1983—and rather proud of the fact that it never elected a Nazi to the Reichstag. Its 18,000 residents also took a more-than-passing interest in the men's singles final at Wimbledon on July 7.

Shoemaking began in the second half of the last century, after the town's main industry, clothmaking, collapsed. A shoemaker from nearby Nuremberg, with a sharp eye for cheap labour, began offering Herzogenaurach's skilled stitchers commissioned part-work, keeping final shoe assembly for himself. But he reckoned without the resourcefulness of the locals and, by 1885, he had at least 75 new competitors breathing down his neck.

Shoemaking saved Herzogenaurach, but it also spawned what is probably West Germany's most bitter, and certainly its most famous, family feud. For the little town is home to two of the world's biggest sports shoe producers, Adidas and Puma, run by first cousins—and previously by their fathers, Adolf and Rudolf Dassler—dedicated to each other's economic demise. It has been that way since 1949.

Having been brought up in the town, young Adolf decided to try his luck at cobbling in 1920. The boot market had been cornered, as had slippers and working shoes, so he turned his hand to something that he, as a keen sportsman, understood, and began making gym shoes. Rudolf, who was a few years older, joined him in 1924.

Work at the Dasslers brothers' establishment was divided strictly: Adolf, the technician, designed and made the shoes and Rudolf sold them through a small network of salesmen he built up. Little is known about the business in those early years. Certainly, life in Herzogenaurach was not easy: even though monetary reform late in 1923 stabilised prices in the Weimar Republic, unemployment in the town began to rise after only a short pause. By 1927, the jobless rate had reached 71 per cent, the highest in the country. The Dasslers survived (just) but many of the more conventional shoemakers were swallowed up or simply collapsed.

Quite *when* Adolf (Adi to his friends) and Rudolf (Rudi) began to row also is not clear. Armin Dassler, Rudolf's son, thinks it started before the war, in about 1936. Politics might have played a part — tensions in Hitler's Germany split more than one family — but, by then, three Dassler generations were living in *the same house and they were probably* getting on each other's nerves.

Adolf, according to family folklore handed down by his brother, volunteered for military service in 1939 but was persuaded to return to the firm by his family. Rudolf, who had apparently displayed little interest in becoming a soldier, was nevertheless drafted, at the age of 44, in 1942. "These stories are told to me by my father," says Armin, "I don't know if they are true." By then, the brothers had expanded the business to take in a second factory several hundred metres from the first.

With Rudolf away in Poland, Adolf, like many other manufacturers at the time, had to turn his efforts to supporting the German war machine. He made boots and even tried his hand at bazookas. With the war nearing its end, Rudolf contrived to return home early to find the old firm a very different animal. He also ran into trouble with the Gestapo; according to his son, the secret police suspected Rudolf of having lied about an injury (frozen toes) to get away from the front, and arrested him.

Along with other prisoners he was being marched to Dachau, near Munich, when their escort, a man of rapidly diminishing faith in the Fuehrer, suggested they go to his home in Nuremberg and wait for the advancing *Americans*. They did—but the U.S. Army then arrested Rudolf on suspicion of being a Gestapo member. It took him more than a year to prove his innocence and, by the time he got back to Herzogenaurach, the victorious Americans had commandeered the family home and the Dassler clan was living in the "new" factory (or, at least, those parts of it that were not being used to store food for the Allies. "It was full of rats," remembers Armin).

Under those conditions, any ill-feeling between the two brothers and their families was bound *to* worsen. Rows were common, often needlessly so. It couldn't last. The day after the West German currency reform came into effect (on June 20, 1948) Adolf and Rudolf parted company. Adolf agreed to pay his brother DM 15,000 over three years in the new currency. They never spoke to each other again.

Only 15 of the 47 workers in Herzogenaurach went with Rudolf, but he also managed to take most of what remained of his pre-war sales network in West Germany. Adolf, clearly delighted at getting rid of his brother, opted to stay on in the old factory and renamed his business Adidas. Rudolf, who fancied he had a knack for these things, decided on something far more racy—Puma.

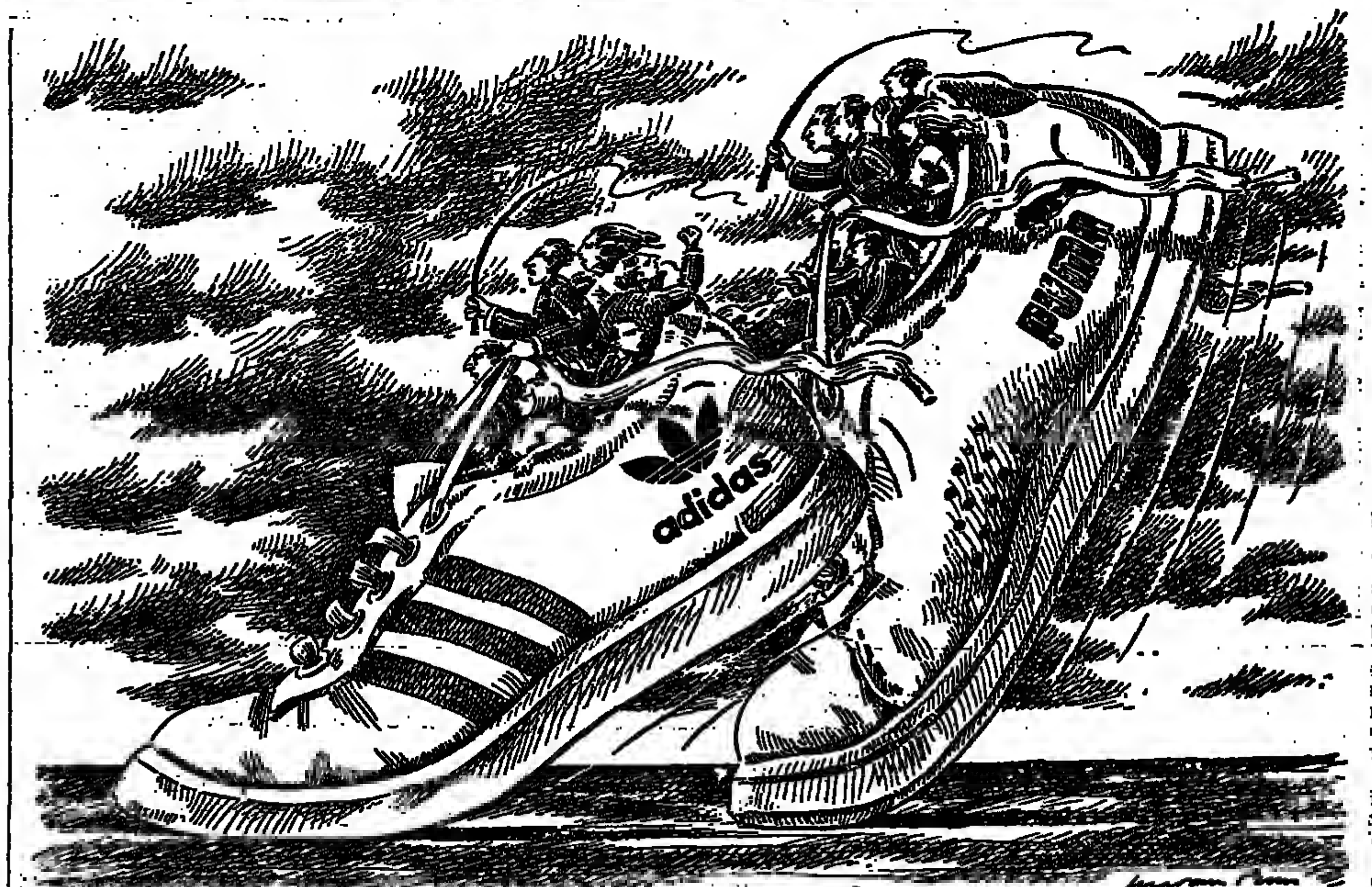
The Dassler feud split the town. *Adidas and Puma still* sponsor opposing local football teams. "It used to start at school," says one local. "If you wore Adidas shoes, then you mixed with the Adidas crowd." The town is littered with sports shops, loyal either to Adidas or Puma; the only independent sells neither. "Once I got a job with a Puma shop here," says a publican, "But I walked in the first day wearing Adidas shoes. They told me to take them off and gave me a pair off the shelves."

As well as keeping most of the old work force, Adolf started after the war with a second major advantage: his wife, Katie, who is now acknowledged as having been the commercial brains behind the business. Long before sponsorship became an integral part of athletics, soccer, tennis and a host of other sports, Adidas had begun supplying sportsmen with free shoes. Rudolf, although he didn't know it, was being left behind. "My father was greedy," says Armin, who took over Puma 11 years ago. "He didn't like giving away shoes. Adidas was better at marketing than us."

By the time Rudolf died in 1974, Adolf had outdistanced Puma and established Adidas as by far the biggest sports shoe producer in the world. It beat Puma to another market in 1967 by getting into "textiles" — clothing, which now accounts for about half its turnover; and not even Armin, in his time running *Puma*, has managed to strike back effectively. He admits: "I'm a shoemaker. We were forced into textiles and we started in a half-hearted way."

Adi and Katie Dassler probably didn't realise it when they produced their first tracksuit in 1967, but they had begun to transform Adidas and, at the same time change the entire nature of competition with Puma. Until then, Adidas had been little more than a producer of rather prosaic running shoes and football boots. True, Adi had patented screw-in spikes and studs for athletes and soccer players, and reduced the weight of traditional football boots by about half — a feat which, in itself probably has changed the game completely — but Puma had been able to keep Adidas in its sights.

The first tracksuit, designed as a way to *diversify* as much as from Adolf's desire to see "his" athletes looking equally smart off the field, did something far more important: it set up Adidas as an arbiter of late-20th century fashion. Today, half Adidas' sales are textiles, and the proportion is growing. Puma has had to struggle to catch up (about a quarter of its sales are clothes, now) but both have moved irrevocably *into the fashion* business. Spurred on by a host of newer entrants to the same game, Adidas and Puma jostle with each other to bring smart new shirts, jackets, skirts, blouses, bags, towels, swimwear, and work shoes first into their outlets. Adidas is even talking about launching a range of cosmetics.



Armin Dassler, a bull of a man who paces about his spanking new office constantly as he speaks, insists that Puma is no longer being left behind. He says the group's world-wide turnover has grown from DM 70m (£20m) a year *in* 1974 to DM 1.5bn (£429m) today, a quarter of it clothing. He also has scored some spectacular public relations successes, most recently by persuading West Germany's new tennis hero, Boris Becker, to use Puma shoes and a Puma racquet. Becker beat one of Adidas's stars, Kevin Curren, to become the youngest ever Wimbledon men's champion.

Despite all this, Adidas remains far ahead, with sales last year of DM 3.9bn (£1.12bn). Both Horst and Armin Dassler are deeply suspicious of each other's *turnover claims; as* private companies, both keep profit figures secret. That is probably just as well: the two German companies, especially Adidas, have generated competition from all over the world.

Dangerous new American rivals like Nike and Pony sprang up in the 1970s and have tried to scare the warriors of Herzogenaurach by encroaching on sacred home turf in Germany and Europe. Japan's Asics Tiger, which swept to prominence during the 1964 Tokyo Olympics, has a huge home market which it uses to finance forays into the Third World. Horst Dassler concedes that the new competition has taken its toll: "We are not as powerful as we used to be. To keep up our natural market position is becoming very difficult." That might just be modesty, of course. Faced with the threat from Pony, and the need to raise its share of the U.S. market—the world's biggest—above the present 10 per cent, Horst and his four sisters recently bought their competitor. "If you want to move faster," he says, "You have to acquire."

Many observers believe there is at least one other good reason why the *Adidas owners (not Adidas itself)* swallowed Pony: the U.S.—indeed, the world—sports shoe market is stagnating. Total sales in America are likely to fall 5 per cent this year and producers have begun to discount heavily as they jockey for market share. Analysts believe Pony will be used to enter the discounting fray on behalf of Adidas, so allowing the parent company to remain aloof and weaken its competitors at the same time.

Horst Dassler admits that Nike, a jogging shoe specialist, took Adidas by *surprise at first, mainly because its* products looked so good. "Eighty per cent of consumers buy for looks," he says. Luckily for Adidas and Puma, Nike has stumbled recently; profits have fallen despite higher sales ($920m in 1983-84) and the company is carrying more than *10m pairs of shoes as stock.*

Adidas has begun a radical restructuring of its business to meet the twin challenges of growing competition and a shrinking market. Horst Dassler was brought back to Herzogenaurach in May 1983 to lead it; he had been in France, *where he built up one of the company's* most successful manufacturing operations. "You couldn't say things were going wrong," he says; but over the past two years the Dassler family has largely retreated from day-to-day running of the company.

Adolf died in 1978 and Katie at the end of last year. Horst owns 20 per cent of the company and is chief executive. His sisters also own 20 per cent each but are confined to an advisory board. "It took about two years to change middle management," he says. "By the end of 1986, we will have finished a total reorganisation of Adidas Europe." The restructuring appears to have worked: "In 1983 and 1984, we had our best years profit-wise, despite the upheaval."

But while Adidas appears to have transformed itself into the nearest thing to a public company without actually going to the stock market (where, says Horst, "You only go if you really need the money,") *Armin is still grappling* with the fact that he cannot go on running Puma by himself.

He admits he is under pressure from his bankers to go public, and also that he dreads having to do so. His three sons have grown up expecting to inherit *the 70 per cent stake in Puma* left to him by Rudolf. His brother, Gerhard, has the other 30 per cent and devotes most of his time to building up the non-shoe business. One option would be to follow the Adidas lead and leave behind as strong a management as possible. "I'm trying to encourage my managers," he says, "and I've told my sons they will be judged on merit." There is another, personal factor: "What will I do if I sell?" (he is 56).

Although there is almost no chance of Puma and Adidas ever joining forces *again, the* hatred between the *two sides* of the family has softened. "It's not an ongoing feud," says Horst, a sentiment echoed by his cousin. Nevertheless, the two men rarely talk, and never about their businesses.

In Herzogenaurach, youngsters say *they don't care so much now* as their shoes bear the Puma flash or Adidas' famous three stripes, as long as they don't cost too much. "Of course," cautions one teenager wearing a Puma T-shirt and a fading pair of Adidas tennis shoes, "There are still some fanatics on both *sides*." This is probably only to be expected of a very tiny spot on the map, that has changed the face of international sport, brought some of the most familiar symbols of our time onto *television screens*, given the world's most popular game the screw-in stud, and probably changed the way we all dress.

The Long View

Lighting a candle for monetarism

There is much talk in the City of privatising the bill mountain—which simply means paying government bills with corporate IOUs. Much better, says Anthony Harris, to privatise the market itself.

IF MONETARISM were truly a religious belief, instead of being merely a belief held religiously, Professor Brian Griffiths surely would be an archbishop. The mannerism is, perhaps, due to the fact that he is a deeply convinced Christian, *as well as being one* of the nicest and most unassuming men you could hope to meet in the ordinary business of life. However, his sudden translation from the City University Business School to head the Downing Street Policy Unit clearly is due to his economic creed as an unashamed and undismayed monetarist.

Since this appointment has been announced at a time when the Government appears to *have abandoned any* pretence at practical monetarism—and, in particular, the control of Sterling M3, which Professor Griffiths defends stoutly as a significant number—it is naturally being treated in the City *as something of* a portent. The government will be true to the faith, after all.

Now, suppose for a moment that the order did go out that £M3 must be brought back within its target range as soon as practicable. That would imply funding of asset sales to the tune of £9bn, which is the present measure of the overshoot, on top of funding the balance of the PSBR for this year; or, say, £2bn a month for quite a period. This would be an immense financial convulsion; and since the cash would have to be restored to the banking system, it would also imply that the official bill mountain would resume its ascent into the *stratosphere*.

It is impossible to believe that anyone is about to recommend anything so silly for even if it were practicable, what would the end result be? The British system of monetary control, as practised in recent years, is an ingenious way of controlling a monetary statistic without controlling interest rates or even credit. If the commercial banks are too energetic in their business of borrowing short to lend indefinitely, the Government counterbalances this by borrowing long to lend short. This is never what believing monetarists meant, and has long ceased to convince.

In any case, academic monetarists do know how to look behind the statistics. The first act of Professor Alan Walters (another academic monetarist at No 10) when he took up his post was to say in blistering language that monetary policy was far too tight, whatever the statistics showed. The proof, he said, was in the exchange rate (this was when it was near $2.40); only scarcity could drive up the price so high. Interest rates were soon coming down, not up.

He could, nevertheless, offer the Government some useful advice on *how* to *manage* the domestic money supply without creating international waves (I would hasten to add that he would not present what follows in these terms, even if he agrees with it). As a student of and believer in markets, he could point out that the whole bill mountain problem—the Government's £17bn holding of company debt—simply reflects a market distortion.

It works like this. Much of the growth of bank lending (which is causing the problem) consists of lending to companies, in spite of the fact that the company sector as a whole is in a highly liquid condition. This might well, as the Deputy Governor suggested, reflect the fact that companies differ wildly. Some have accumulated mountains of cash, but others still have cash flow problems. The deposits of rich companies are lent to hungry ones.

However, there is no need for this flow to go through the banks, or to appear on their balance sheets or in the money supply. In the U.S. to take the most obvious example, the market in corporate paper, through which *companies lend* directly to one another, is so vigorous that it has completely displaced the banks in the corporate credit market.

We have a bill mountain because, in this country, the commercial paper market has, in effect, been nationalised. There is much talk in the City of privatising the bill mountain—which simply means paying government bills with corporate IOUs. Much more effective, and much more doctrinally pure, to privatise the market itself.

Now, since I am no kind of monetarist, religious or otherwise, I do not believe that this would be anything more than a sensible tidying-up *operation, which would* enable believers and near-believers to sleep more soundly; the credit problem the world faces, as recent columns have explained, has much more to do with quality than with quantity; and tidying up the statistics, by enabling strong companies to borrow direct from investors would do nothing to help weak borrowers to repay their debts.

Orderly statistics are worth having, though. If they enabled the Government to cut interest rates without frightening the markets, that would help weak borrowers. A good monetary technician in Downing Street, then, could help to get interest rates down so far as currency markets allow.

This brings us to the heart of the problem, though. Dollar interest rates still seem unlikely to fall very far unless the markets become convinced that their faith in a U.S. recovery is completely *misplaced*; and since a U.S. recession would be very bad news indeed, we must perversely hope that dollar rates do not fall very rapidly.

This means that our own rates can fall, without danger to the exchange rate, only by insulating ourselves from the international markets, or by earning a high credit rating in them. The Labour Party would go for insulation—tax incentives and exchange controls (which are creeping back into fashion—but that is another story). The Alliance, and indeed the Chancellor, would go for respectability—and some insulation—by joining the Germans in the EMS.

Mrs Thatcher has reasserted her basic philosophy by appointing Professor Griffiths. She has lit a candle for monetarism; but will anyone out there notice?

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Investing in Amstrad is a long term act of faith

EXPECTATIONS for Amstrad had been running high in recent months but even so full year profits of £20m pre-tax, against £9m, were right at the top of the City's forecasts and the shares continued the vertical climb they have enjoyed since the summer. Where the doyens of the sector are failing to make money from the personal computer market Amstrad has succeeded in no short measure.

One of the most important features of the figures is the way profit margins have shot forward in the second half of the year by more than three points to over 17 per cent, despite its being a traditionally quieter period. That gives some feel to the returns Amstrad can achieve from computers over its more established lines of audio and colour TVs.

And, of course, those numbers cover the period before the launch of its new personal computer/word processor, the PCW 8256, which is being greeted by rave reviews. Selling for £399, the computer is pitched at less than half the price of competitive products and it promises to be a tremendous success.

In a full year Amstrad might sell £150m worth of PCWs and if it can achieve a margin of 15 per cent, which looks quite possible, then that product alone would contribute as much profit as the rest of Amstrad achieved last year.

It is not quite as simple as that. Sales of the PCW are bound to take the edge off existing computer products to a certain extent although the impact this year will be limited. The company's older personal computers should continue to sell well in Europe as the PCW has only been launched in the UK so far.

So, taking a slightly ambitious line, Amstrad might make £35m this year and a 50 per cent rise to £30m is the least that can be expected. On the lower number the prospective p/e is under 7 which seems a pathetic rating for a business which has just doubled its profits and looks set to grow by 50 to 75 per cent this year.

There are, however, a couple of good reasons for a degree of caution. Nobody can doubt the ability of Alan Sugar, chairman, to read the mass market and come up with products at prices which have consumers falling over themselves to buy. Yet past performance is no guarantee for the future and if he did badly mistime a launch Amstrad could fall flat on its face.

And, given the pace of change, it is virtually impossible for the City's analysts to see what the money-spinners will be in two year's time. So beyond the short term an investment in Amstrad is an act of faith—and there is not a lot of faith in the electronics sector at present.

Understandably, suppliers to Marks & Spencer are loath to complain publicly about the treatment meted out by the regime in Baker Street but it is clear that life as a manufacturer for M & S is somewhere between tough and very tough.

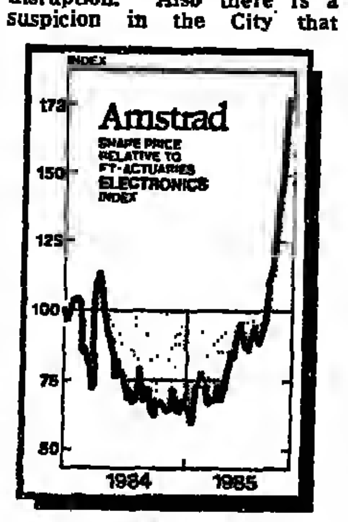
S. R. Gent, a supplier of women's fashion clothing which was floated in a blaze of publicity little more than two years ago, showed how difficult it can be this week.

London

It is common knowledge that M & S has faced problems with its women's fashion lines and the store giant is not one to suffer alone. So Gent's warning last July that there was going to be a setback in the second half only confirmed what the market had already suspected. Even so, the full year results—profits of £1m against over £6m—were no less disappointing for not being unexpected.

Gent has been caught out by M & S's failure to crack the fashions market. Mass production and high fashion do not sit easily together and the need to keep changing the design and the production lines must have played havoc with overheads.

But perhaps part of the blame for the setback lies within Gent. If its designers and plant managers got closer together it might be possible to fine tune garments without such serious disruption. Also there is a suspicion in the City that



Gent's management is simply trying to do too much too fast.

Anyway, as the trading performance has deteriorated the company's borrowings have rapidly increased with gearing up from 16 to 59 per cent. And with a poor interim period in prospect it is difficult to see that improving by much. Just possibly the men in Baker Street are thinking that the entrepreneurial flair of Gent's management might fare better within a larger group.

Unilever set itself a very difficult target when it went in pursuit of Richardson-Vicks with a $1.35bn (£938m) bid but until this week the Anglo-Dutch group was actually doing well against some steep odds. It seems that as soon as the R-V men realised that their defences might not be quite as impenetrable as they had assumed, they went looking for a white knight.

Faced with an agreed merger with Procter & Gamble at a price 15 per cent higher than its own bid, Unilever elected to bow out and let P & G have an open field.

No doubt Unilever is deeply disappointed. It had been quietly stalking R-V a long time and to add insult to injury not only has it lost its quarry but R-V has been driven into the hands of one of its biggest competitors. The only consolation is that P & G has paid a fancy price.

Presumably Unilever will turn its attention to number two on its list and the guessing game in the market is who that could be. Names such as Gillette, Chesebrough-Ponds, Beatrice and Tambrands have been mentioned but for the most part these look too big.

Still, if Unilever has missed its big strategic bid in the U.S. the reshaping of the group goes on. While all eyes were peering across the Atlantic, the group quietly announced that it is in negotiations to sell three large seed crushing plants in Europe, about half the group's crushing capacity.

These plants did not make vast amounts of money, and possibly the sale price might be modest in terms of the amounts Unilever is prepared to spend elsewhere, but it is a disposal of a core part of the business. A question mark must now hang over animal feeds in Europe while paper and packaging in Germany could also be on the itinerary for a farewell party.

Apart from a few particularly interesting results and a little bid activity it has generally been a quiet week. Prices were rising for the first three days pushing the 30-Share Index above 1,000 once more but it is only the stores and property sectors which are achieving new highs, so the advance is fairly thinly led as would become a mature bull market.

There may not be much more than another 5 per cent or so to go before the market peaks out for the year. That may be worth holding on for but in the first nine months of the year you might have been better off lending money to the local authority market than backing equities, unless your stock selection was particularly astute.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,016.5	+26.9	1,024.5	811.0	Selective demand for leaders
FT Gold Mines Index	287.2	−14.4	536.9	281.1	SA Government curbs capital outflows
Amstrad	150	+36	150	64	Excellent preliminary results
Argyll Group	343	+30	345	250	Speculative demand
Baltic	272	+24	272	197	£33m takeover bid from A/S Nevi
Beecham	300	−21	390	293	Brokers' downgrade profits forecasts
Broken Hill Proprietary	426	+38	426	273	Bell Resources has 10 per cent stake
Distillers	422	+27	430	270	Speculative buying
Empire Stores	162	+14	166	92	Interim figures
Horizon Travel	85	−8	148	80	Package holiday price war fears
Pressac	108	+28	164	66	"Call" option activity
Provident Financial	307	+30	307	193	Takeover speculation/brokers' circular
RMC	426	+28	426	344	Government spending hopes
Robinson (Thos.)	129	+13	130	37	Bid speculation
Spear and Jackson	218	+50	224	130	Rejected bid from James Neill
Stewart Plastics	127	+17	128	88	Recommended offer from Bunzl
Sun (UK) Royalty	165	+15	215	100	Rumoured oil discovery
Tesco	267	+14	273	161½	Firm Food Retailers
Turriff Corporation	165	−30	345	165	Interim results due on Tuesday
Tyzack Turner	120	+17	123	67	Takeover hopes

Age shall not weary them...

IN 1907, Arthur Gibbon started a printers' ink shop in London's Farringdon Road to supply news ink to nearby Fleet Street. At about that time, a company based in Ipswich named W. S. Cowell was carrying out some of the earliest examples of lithographic printing, producing labels for local beers, railway timetables and calendars.

In Sheffield, steel producer Swift Levick was on the verge of developing its first tungsten steel magnet; while a fourth company, R. and J. Beck, established 50 years earlier, was continuing to make advances in microscope design, producing sophisticated models for research laboratories.

Almost 80 years later, all of these companies, changed but recognisable nevertheless, are emerging on the USM. Next week, dealings will begin in Cowell's, which is still in Ipswich and still printing. Within two weeks, prospectuses will appear for Gibbon Lyons, the ink manufacturer, and Ealing Electro-Optics, which makes optical equipment. In November, Magnetic Materials Group, one of Europe's biggest magnet-makers, will be coming to the market.

To assume that these companies are coming to the USM to enable their owners to rid themselves of an old, static family business would be quite mistaken. Indeed, the management of Ealing Electro-Optics will be using the flotation as an opportunity to buy shares in the company, which is being sold by the Eaton Corporation, an American company that bought R. and J. Beck in 1968.

While there are a few remaining employees who joined Beck as boys 50 years ago, the company now is run by a young business school graduate who was appointed as managing director in 1981.

At that time the company — which had long since moved from microscopy into high-precision optical equipment for use in robotics and missile-guidance non-destructive testing — was coping poorly with the recession and was making heavy losses. Robert Crooke, the new managing director, took action at once to cut overheads; and by 1982 a profit of about £500,000 was made.

Now, Ealing Electro-Optics is committed to a costly programme of R and D and much of the £3m of new money to be raised by the float will be used to swell its research budget.

For all its high-tech image, Ealing Electro-Optics, unlike its younger counterparts, is neither going to double nor halve in size

USM

UNLISTED SECURITIES MARKET

overnight. "We'll never be a meteoric company," admits Crooke. "Ours is a sound, solid business."

The issue will be priced accordingly. Schroders, the sponsor, is likely to offer the shares on a prospective p/e multiple of around 12 or 13, which would value the company at about £10m. That would make it about half the size of Magnetic Materials Group, not only the largest of the four but the one to have changed most since its early days.

The present company was formed in 1982 as a result of a three-way merger between magnet manufacturers, two of which were loss-makers. Now, MMG claims a dominant share in the UK market as well as being a force in the U.S. and Europe.

From barely breaking even in 1983, last year MMG made profits of about £2.2m on sales of £14.7m. Like Electro Optics, the group will be raising new money—around £2m—to fund expansion and to finance a £600,000 research project into the development of a small, powerful Rare Earth magnet.

New money and R and D do not figure in the issues of Gibbon-Lyons and Cowell's. Gibbon Lyons is clearly recognisable as the same company that occupied the premises in Farringdon Road. Although now supplying colour ink for packing and publishing rather than news ink, the company's managing director, Michael Gibbon, is the founder's grandson; while the original Bill Lyons, now over 70, is the company's president.

Like each of the three other companies, Gibbon Lyons made a strong comeback after serious losses during the recession. However, now it is cash-rich and has no particular plans for expansion. Indeed, it is not quite clear why the company is coming to market at all. The directors, modestly, are selling only 10 per cent of their shares: and as the company is valued at only about £2.8m, they will not be left with very much after paying expenses (which, at £50,000, are tiny for a USM placing).

The descendants of the nonconformist corn merchant who founded Cowell's in 1818 to print religious tracts are not around to see the company join the USM. However, the present management, who acquired the company from Grampian in 1982, will be selling 30 per cent of the shares to help repay the borrowings raised at the time of the buyout.

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Arlington Motor	234*	225	167††	10.50	Unigate
Baltic	287½	272	260	32.95	A/S Nevi
Capital TV	64½§§	62	50††	5.93	Crown Intl Prods
Cass Group	140	130	150	8.20	Telephone Rntls
Fleet Hldgs	353½§	352	345	225.04	Utd Newspapers
Friedlnd Doggart	320*	315	215	16.64	MK-Electric
Insight Group	145§	144	138	11.11	Hawley Group
Maynards	400†	405	335	19.58	Ward White
Noble & Lund	30*	30½	29	1.71	Galgey Tech Inds
Phillips Patents	57½	63	54	2.31	Bremner
Security Centres¶	136§	138	100	21.61	Automated Security
Sharpe(Charles)¶	570*	535	395	10.56	Booker McConnell
Somportex	28½*§	109	27	0.79	Messrs N. Wray & C. Mattock
Spear & Jackson	216	218	168	12.15	Neill (James)
Stewart Plastics	130	127	112	29.68	Bunzl
Towngrade Secs	32½*§	35	37	1.67	Milbank Dev

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on October 4, 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Adwest Group	June	8,700	(8,302)	15.4	(14.9)	7.75	(6.7)
A & G Securities	July	821	(944)	4.4	(5.3)	1.2	(1.2)
Amstrad	June	20,000	(9,000)	12.9	(5.8)	0.94	(0.66)
Beckman, A.	June	1,510	(1,320)	8.5	(8.0)	5.73	(5.73)
Checkpt. Eur.	Mar	116	(228)	—	(—)	—	(—)
Control Secs.	Mar	97L	(1,380)	—	(5.6)	—	(3.15)
Courtney Pope	May	2,100	(1,550)	31.2	(30.5)	8.5	(6.5)
F.11 Group	May	1,750	(1,160)	25.8	(15.7)	6.25	(5.75)
Galliford	June	3,040	(2,560)	—	(—)	4.4	(4.0)
Gent, S. R.	June	1,030	(6,120)	—	(—)	2.0	(3.0)
Home Farm Prod	June	803	(829)	11.8	(12.0)	3.25	(3.25)
H.T.U.	July	8,470	(7,130)	22.6	(22.2)	7.7	(7.0)
Logica	June	2,340L	(5,060)	—	(—)	—	(1.0)
Renishaw	June	3,700	(2,620)	12.7	(7.7)	1.85	(1.5)
Strong & Fisher	June	4,240	(2,760)	23.8	(21.0)	7.5	(4.0)
Ulster TV	July	875	(283)	15.2	(17.4)	5.25	(7.75)
Yellow, News.	June	1,120	(356)	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amari	June	3,670	(3,040)	3.0	(1.0)
Bio-Isolates	June	158L	(162)L	—	(—)
Bridgend Group	June	70	(78)L	—	(—)
British Dredging	June	719	(607)	1.0	(1.0)
Bronx Eng.	May	62L	(72)	0.25	(—)
B.S.G. Int.	June	3,520	(2,010)	0.39	(0.35)
Carborundum	June	1,100	(875)	1.4	(0.4)
Charterhall	June	890	(1,930)	—	(—)
Cliffords Dairies	June	1,810	(1,230)	2.5	(2.2)
Cluff Oil	June	132L	(348)L	—	(—)
Clyde Pet.	June	2,600	(9,000)	—	(—)
Cole Group	June	430	(540)	4.0	(1.5)
Corton Beach	July	51	(2)	—	(—)
Downiebrae	June	115	(610)	0.5	(—)
Early's of Witney	Aug	114	(45)L	0.32	(0.32)
Elbar Ind.	June	33L	(326)L	—	(—)
Erith	June	607	(1,090)	1.1	(1.1)
Eucalyptus Pulp	June	2,330	(3,350)	—	(—)
Finlay James	June	6,340	(12,380)	2.0	(2.0)
Foseco Minsep	June	17,700	(16,580)	2.95	(2.8)
Grampian Hldgs	June	910	(332)	2.0	(1.5)
Greenbank Ind	June	506	(416)	0.9	(0.8)
Group Lotus	June	325	(219)	—	(—)
Hewden-Stuart	July	3,650	(3,260)	0.58	(0.55)
Inchcape	June	36,220	(35,960)	7.15	(7.15)
Jacks, William	July	378	(140)	0.5	(0.5)
Jefferson Smurfit	July†	20,320	(20,050)	1.12	(1.12)
Johnsen & Jorg.	June	460	(548)	1.26	(1.0)
Kwik Fit.	Aug	3,430	(1,770)	1.0	(0.78)
Laing Prop.	June	7,400	(6,100)	3.0	(2.5)
Lamont Hldgs.	June	1,880	(1,280)	1.2	(0.7)
Laughton & Sons	June	424	(344)	8.0	(7.0)
Liberty	Aug	836	(226)	1.5	(1.2)
Lilleshall	June	75	(40)	0.75	(—)
Lorin	June	435	(393)	1.0	(0.5)
Martin, A.	June	476	(417)	1.2	(1.0)
Minet Hldgs.	June	18,440	(12,860)	3.43	(2.73)
M. Y. Dart	June	311	(105)	0.33	(0.25)
N.E.I.	June	21,153	(21,794)	1.65	(1.65)
Nu-Swift Ind.	June	2,790	(2,110)	1.25	(1.1)
Octopus	June	3,960	(3,090)	2.16	(1.8)
O.E.M.	June	1,330	(1,170)	3.0	(2.5)
Pritchard Serv.	June	6,110	(7,280)	0.5	(0.5)
Riley Leisure	June	504	(68)	—	(0.7)
Rugby Portland	June	6,860	(11,660)	2.9	(2.9)
Sandhurst Mkt.	July	610	(1,020)	0.39	(0.33)
Scantro	June	411	(313)	1.5	(—)
Scottish TV	June	1,400	(1,350)	2.4	(2.3)
South I.O.W.	June	233	(733)	4.0	(4.0)
Sunlight Serv.	June	1,320	(1,350)	1.55	(1.38)
Thomson T-Line	June	118L	(74)L	—	(—)
Tootal	July	9,690	(5,260)	1.5	(1.25)
Tricfus	June	353	(195)L	—	(—)
T & S Stores	June	704	(530)	1.2	(—)
Wordplex	June	835	(810)	0.5	(—)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share except where otherwise indicated. † Figures in I£. L Loss.

RIGHTS ISSUE

Commercial Bank of Wales—To raise £1m through a one-for-five rights issue at 25p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Cowells—USM placing of 2.2m shares at 88p.
Eastbourne Waterworks Co.—Placing 11.2 per cent debenture stocks 2005-09 at par.
Radius—USM placing 3.2m shares at 95p.
Strata Investments—Offer for subscription of 15m shares at 100p each.

Sears puts a gloss on its image

WHEN SEARS reports on its half year to July on Tuesday it will be the first time it has done so without the word "Holdings" as an appendage to its name.

Over the last few years Sears has been transformed from conglomerate to retailer and the snappier title is all part of a sharpening up of the corporate image to reflect the change of identity.

This is unlikely to have had much of an immediate impact on the figures. What will be more significant is the fact that last year Sears had a disappointing first half, and the generally more favourable trading conditions this time will benefit the year-on-year comparison.

More than half group profits come from the footwear division, where sales and margins were badly hit last year by the popularity of cheap plastic shoes. This year's sales will not have been helped by the unseasonable weather but leather shoes are thought to have staged a recovery and analysts are expecting a substantial increase in profits.

The stores and fashion shops are thought to have put in an excellent performance all round: Selfridges in particular will have benefited from the tourist boom and the Miss Selfridge fashion stores and Olympus sports shops are developing very successfully. There will also be a first-time contribution of £1m-£2m from the newly-acquired Foster Brothers men's wear shops.

The William Hill betting shops chain will have done well judging from its rivals' figures, and no unpleasant surprises are expected from the group's mixed bag of other activities. The only bad news is expected to be from Butlar Shoe in the U.S., which is likely to show a decline because of poor trading conditions and adverse exchange rates. Overall, around £70m is expected before property profits against £59.5m last time.

It has been a very hard year for **ACORN** and the preliminaries due on Friday are certain to be written in red ink only. The City is expecting a loss for the year of £21m pre-tax, as was forecast at the time of the second rescue scheme in August. This compares with profits of £10.8m in the year to June 1984 and a loss of £11m in the first half.

With only some 6 per cent of the stock in public hands Acorn has tended to fall off the investment horizon. Olivetti, the Italian electronics major, in two stages purchased 80 per cent and another 14 per cent remains with the company's founders, Mr Chris Curry and Mr Herman Hauser.

When Olivetti originally moved in to Acorn back in February the speculation was that it was attracted by the UK company's research and development team. Now this seems less likely and apart from the possibility of a modified BBC micro or Electron computer being pushed by Olivetti in the Italian educational market the objective was apparently a base in the UK at a knock down price.

A recent announcement of a new wonder chip from Acorn is seen by analysts as a last flurry by an R & D team being drastically cut in numbers. No one believes that Olivetti is about to pour a lot of new money into Acorn.

Now that the Italians have placed their men in the key board posts and agreements with the creditors have been finalised, the market will mainly be looking for indications in the chairman's statement as to where Acorn will go now. Can small Acorns from giant Olivetti's grow?

Interim results for **IBSTOCK JOHNSEN**, the largest surviving independent manufacturer of Fletton bricks, are due on Monday. Analysts are expecting pre-tax profits of around £5½m, about £1m ahead of the 1984 halfway performance.

While brick sales in volume terms should be down on the first half of 1984—nationally brick deliveries were off 10 per cent in the six months to June—the strong price rises, especially at the quality end of the market, should at least partly offset this.

Both the UK and the U.S. experienced very bad building weather in the first quarter which will have led to rising stocks at the manufacturers. Ibstock also have a higher capital spend of £10m plus planned for 1985. Taken together the two factors are likely to have pushed group borrowings up from the 42 per cent of shareholders funds at the year end in December.

Also of interest in these first half results will be the contributions from H. F. Warner (bought for £5.5m in April) which gives Ibstock a foothold in the clay tile market, and from Coalmoor (bought in December for £2.5m) which quarries clay. The two appear to fit well together — the question is how well they will serve Ibstock.

The surge in **CHRISTIES'** profits over the past two years will not be extended into the half year just ended, is the view of City analysts. When the auction house announces its interims on Tuesday they should show a little changed result of around £7.5m. Such an outcome would not be as disappointing as it sounds, as the first half of last year was an exceptional one for the art market.

Conditions remain excellent; indeed, sales in the first half were fractionally above last year's levels, despite a couple of disappointing auctions in New York when a large proportion of the lots bought in.

There are two unknown that the cloud and analysts' passage from the known sales figure to arriving at the profit estimate. The first is currency. If Christies decides to use an average exchange rate in translating its considerable dollar earnings its profits will be significantly higher than if it sticks to using period end rates.

The second is the sellers' commission. Nominally set at 10 per cent, competitive conditions, especially in New York may have led to some erosion of the margin as the big auction houses fight for market share.

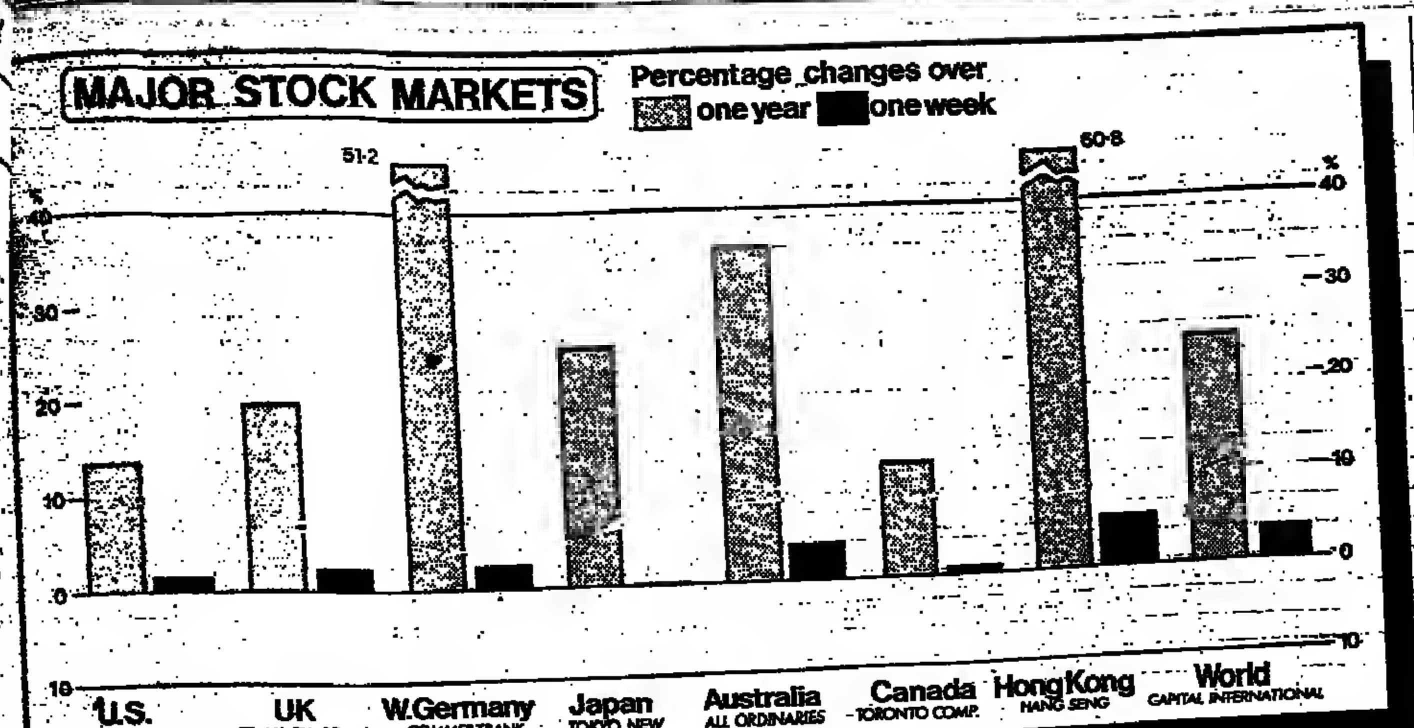
Results due next week

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Abingworth	Thursday	—	1.25	—
Acorn Computer	Friday	—	1.0	—
Britannia Security	Thursday	—	0.5	—
Browns (Charlie) car part centres	Friday	—	—	—
Canadian Overseas Packaging Ind.	Friday††	—	0.30	—
Close Bros. Group	Monday	2.5	3.5	2.625
Druck Holdings	Thursday	1.3	1.7	1.5
Ferry Pickering	Monday	1.0	1.7	1.1
Grosvenor Group	Tuesday	2.25	3.5	2.25
Lawtex	Tuesday	0.75	0.75	1.5
Leisure Industries	Monday	2.275	2.5	2.0
Maunders, John	Thursday	2.0	2.0	2.25
Moran Tea Holdings	Monday	4.0	6.0	5.0
Pearce, C. H.	Thursday	1.5	4.75	1.75
Photo-Me International	Thursday	2.7	5.4	2.7
Sanderson Murray and Elder	Wednesday	—	3.0	—
Thorpe, F. W.	Thursday	1.3	2.15	1.4
INTERIM DIVIDENDS				
Aberdeen Steak Houses	Friday	—	—	
Alfa Laval	Wednesday†	—	9.00	
Arcolectric Holdings	Thursday	0.25	0.4	
Bewthorpe Holdings	Tuesday	2.07	3.41	
Bruntons (Musselburgh)	Wednesday	1.5	1.5	
Camford International	Thursday	0.5	0.5	
Cannon Street Investments	Monday	—	—	
Cesaro Industries	Tuesday	0.75	0.9	
Cesaro Properties	Tuesday	—	0.5	
Christies International	Tuesday	1.5	4.0	
Comcap	Tuesday	0.4	0.5	
Cory, Horace	Thursday	0.4	0.5	
Cullen's Stores	Thursday	—	—	
Elswick Hopper	Thursday	—	—	
Equity and General	Wednesday	0.3	0.6	
Falcon Resources	Monday	—	—	
Farmer, S. W.	Tuesday	3.1	—	
Fortnum and Mason	Thursday	5.0	30.0	
Fothergill and Harvey	Tuesday	2.75	5.5	
Oates, Frank G.	Friday	3.0	3.0	
Hay, Norman	Thursday	1.4375	2.315	
Higgs and Hill	Tuesday	4.5	7.5	
Holt Lloyd International	Wednesday	1.55	2.1	
House Property Company of London	Thursday	3.0	6.0	
Hunter	Tuesday	—	—	
Ibstock Johnsen	Monday	1.25	2.75	
Jerome, S. and Son	Monday	0.634	2.13	
Jersey Electricity	Friday‡	4.0	11.0	
Johnston Group	Tuesday	2.0	5.0	
Kelon Group	Monday	—	—	
Kingsley and Forester Group	Wednesday	—	0.5	
London and Continental Advtng. Hldgs.	Tuesday	—	1.60	
London and Edinburgh Trust	Monday	2.5	3.75	
Microlease	Friday	1.0	2.0	
Midland Marts	Friday	1.25	2.75	
Molins	Monday	2.2	5.7	
Portland Holdings	Tuesday††	1.5	3.8	
Property Trust	Friday	—	—	
Rayback	Thursday	—	0.25	
Ruberoid	Thursday	2.2	5.6	
Sears plc	Tuesday	0.8	2.5	
Silkolene Lubricants	Tuesday	3.0	6.0	
Slaters Food Products	Tuesday	0.3	1.3	
TDS Circuits	Thursday	2.0	2.9	
Tozer Kemsley and Millbourn	Friday	—	(—)	
Turriff Corporation	Tuesday	—	7.0	
Walker, C. and W. Holdings	Tuesday	—	—	
Western Motor	Friday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Kr per share gross. ‡ Per share gross. †† Cents per share.

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.00	6.09	4.79	3.45	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.81	8.04	6.32	4.59	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.36	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.62	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.56	8.74	6.87	4.99	half yearly	1	2,500 minimum	7
Schroder Wagg	8.30	8.62	6.77	4.93	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.64	7.01	5.21	3.41	half yearly	4	—	0
11% Exchequer 1990	10.34	7.14	5.45	3.76	half yearly	4	—	0
10.25% Exchequer 1995	10.58	7.37	5.78	4.18	half yearly	4	—	0
3% Treasury 1987	8.20	7.12	6.38	6.04	half yearly	4	—	0
3% Treasury 1989	8.49	7.33	6.75	6.17	half yearly	4	—	0
Index-linked 1988¶	9.08	8.43	8.14	7.83	half yearly	2/4	—	0

* Lloyd's Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



Winner takes all in BHP's game

IF THERE is one thing mining companies love doing, it is making deals with each other; and, in my experience, the more complicated they are the better. Joint ventures, farm-in exploration deals, take-overs, share offers and the buying and selling nf assets—it goes on all the time.

Take this week's news. A big mining deal has come with the announcement that Australia's flourishing Broken Hill Proprietary (BHP) steel-making and resources giant is spending A$1.02bn (£510m) to greatly increase its iron ore and coal interests.

It is buying a 25 per cent stake in the big Mount Newman iron ore operation from the U.S. Amax for A$400m. A further 30 per cent is to he acquired from the Australian CSR company for A$480m. These deals will lift BHP's holding in Mount Newman to 85 per cent from the present 30 per cent.

In addition, CSR is to collect A$140m for the sale to BHP of its 22 per cent holding in the Thiess Dampier Mitsui Coal set-up in Queensland. This will increase the BHP holding in the coal venture to 80 per cent from 58 per cent.

BHP is certainly talking big money, especially after having laid out more than A$3.5bn on other acquisitions—mostly in energy—over the past three years. But to put things into perspective, it is worth bearing in mind that BHP is likely to earn well nver A$1bn in the year to next May.

It is like a game of winner-tax-all. The latest cash offers for these valuable assets of Amax and CSR are such that the companies cannot refuse. They, like many others in these hard times for the mining industry, need money to reduce their heavy debt burdens. It is as simple at that.

The hard-pressed MIM Holdings, Australian base metal and coal group, also knows bow it feels to have to sell the family silver. It has already parted with its iron ore interests and recently made the reluctant decision to sell its 50 per cent atake in the high grade Lady Loretta zinc-lead-silver prospect—a very desirable property—to Pancontinental Mining for A$10.5m.

Yet now MIM has come out with a deal to pay A$140m, which it can ill-affnrd, for a further 13.3 per cent stake in the associated U.S. Asarco metal smelting and refining company, which could also be described as being hard-up. You might well ask: "What kind of a deal is that?"

MIM says "the purchase is in line with the company's continuing policy of remaining strongly focused in mining and mineral processing." However, the Asarco shares are being bought from Weeks Petroleum, the company run by Australian entrepreneur Robert Holmes à Court.

He undoubtedly ranks in the big league of wheeler-dealers. Nobody knows for sure why be built up this bolding in Asarco, although it is thought be bad take-over plans in mind that also would affect MIM because Asarco owns 44 per cent of the Australian company.

At all events, MIM and Asarco have got Holmes à Conrt off their combined backs and that gentieman is reputed to be laughing on his way to the bank with a profit of some A$7m as a result. MIM shareholders, however, may not be amused.

Now here's another deal which, on the face of it looks to be a curiosity. It concerns the Rio Tinto-Zinc group which, rather in the manner of BHP, is also in the fortunate position of having funds available to pick up good assets at bargain prices.

Mining

So what happens? This week RTZ's Canadian arm, Rio Algom, announces that it proposes to pay U.S.$26.5m (£18.7m) to Ideal Basic Industries of Denver, Colorado, for 87.8 per cent of the shares of the loss-making Potash Company of America (PCA), which mines potash in Canada.

Furthermore, Rio Algom is to take responsibility for PCA's debts of U.S.$93.5m. It is also stated that PCA has estimated it will cost up to C$28m (£14.4m) to overcome production problems at the Sussex mine in New Brunswick. Again, you may ask: "What kind of a deal is that?"

There is a two-part answer. First, the total assets of PCA amount to all of $386.4m, a figure that towers above Rio Algom's purchase price. Second, Rio Algom is pretty confident that it has the expertise—and money—to overcome the production problems and put the operation on a profit-making basis despite the depressed markets for potash.

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• Kidston Gold Mines, Australia's biggest, is paying a maiden quarterly dividend of 5 cents after having reached full production in April. Hopes are that the A$170m Queensland open-pit operation will better its prospectus forecast of a total of 12 cents for the nine months to December 31.

It is 70 per cent-owned by Canada's Placer Development and 15 per cent by Australia's Elders IXL. The remaining 15 per cent was offered to the Australian public last year at a price of A$1.60 per share.

Since then, the shares have risen to A$5.40 (270p). A further public offer is to be made in due course in order to reduce Placer's holding to 55 per cent in line with Australia's foreign investment guidelines.

Kenneth Marston

Euphoric gnomes

AFTER the dramatic ups and downs of recent weeks, Switzerland's equities market has now returned to something like stability. This does not mean stagnation, though, since conditions are favourable enough to keep business very healthy in the foreseeable future.

For all that, there was an element of euphoria—not usually an attribute of gnomes—in the upswing which took the Swiss Bank Corporation share index up to a record high of 525.5 in mid-September. This steep and not wholly justified rise then gave way to an abrupt decline to under the 500 mark at the end of the month, only to shoot up again early this week to over 512.

Investors had taken fright at the brief but decided decline on Wall Street and the subsequent, more lasting, weakening of the dollar. There were initial fears of a setback to Swiss export indsutry, both from any softening of the world economy and from a loss of competitive power arising from a harder Swiss franc.

At the same time, events in South Africa and Mexico cast a passing shadow on bank shares: while faith in the generally up-and-coming industrials took a small knock from the near-confirmation that Oerlikon-Buehrle will pay no dividend in 1985.

The whole panic lasted only a matter of days. Then, the market took off again as the Dow Jones bounced back. On second thoughts, shareholders also realised that a lower dollar made for more attractive Swiss-franc investments. As far as harming the export economy is concerned, the U.S. currency already has fallen by mnre than one-quarter against the Swiss franc in only aeven months—with no ill effects to speak of to date.

There are still plenty of good reasons to buy Swiss equities, and this was particularly true with the bargain prices prevailing a week ago. Although yields are always very low—now just over 2 per cent—they are acceptable in a country where inflation is at 3 per cent and the coupon on public-authority bonds below 5 per cent.

Zurich

With economic growth running at 3 per cent annually, and likely to accelerate, most companies also arc looking pretty good. Minor-key interims like those of Alusuisse or Oerlikon-Buehrle are this year very much the exception rather than the rule; elsewhere, rising profits and frequently rising dividends are the order of the day. This goes hand in hand with a flow of rights issues—in the first seven months of this year, total new share issues amounted to a nominal SwFr 1.35bn.

In the longer run, things might be rather less inspiring. A weaker dollar will, in time, naturally affect the export-oriented Swiss economy, as would any new international crisis triggered by the slowdown in American GNP growth. For the time being, however, demand is set fair to keep growing. Exports of goods and services were up hy a real-terms 13.3 per cent in the second quarter over the corresponding period of last year and new orders are also well above 1984 levels.

There has certainly been no lack of new custom on the Swiss stock exchanges. The three leading bourses in Zurich, Geneva and Basle together had a 1984 turnover nnly just short of the Tokyo figure, and bave gone from strength to strength this year. Zurich, claimed to he the world's third biggest equities market, showed a 43 per cent jump for the first eight months of 1985 over the already thriving January-August period of last year.

An important part of the market is accounted for by foreign investors, who are barred only from buying Swiss-holder-only registered shares. At home, institutional investors — primarily banks, insurance companies and pension funds—set the pace.

However, share ownership is obviously becoming more popular with the man and woman in the street. A study (published every three years) by the Zurich paper Schweizerische Handelszeitung estimates that about one Swiss in every 11 now personally nwns shares; this excludes the huge portfolios of pension funds to which almost almost all employees beyong.

A wider ownership of equities does not necessary mean more shareholder democracy, though—at least, not in Switzerland. More and more companies are issuing participation certificates (non-voting shares) to the public or, in cases of acquisition, enabling them to raise money without giving up power. At a parliamentary debate on the revision of the joint-stock law this week, there were calls for a ceiling to be set on the number of participation certificates that may be issued in proportion to voting-share capital.

It seems very unlikely, however, that liated companies will be subjected to any new rule which keeps certificate capital from exceeding that of voting shares.

John Wicks

Unhealthy hospitals

WITH TRADING activity in U.S. Big Board equities remaining well over 100m shares a day this week, brokers adjusting to the earlier 9.30 am opening hour at least had the compensation of additional volume. But the market itself moved broadly sideways, caught between the positive news on the dollar and interest rates on the one hand, and fears over corporate profits on the other.

Profits forecasts, given a big jolt in the previous week by Inland Steel's decision to pass its dividend, received a further blnw on Wednesday when Hospital Corporation of America, a glamour health care stock in an industry which has put up a stellar performance in recent years, said its fourth-quarter profits would be flat, and that it was expecting only (only?) a 10 per cent increase in third-quarter earnings.

Wall Street has had plenty of warnings about the troubles ahead for haspitals, as the health insurance industry and the companies that pay employee health care have established a tighter grip on rising medical costs. But investors' stampede for the exit door was nevertheless overwhelming: HCA itself lost $7¾ on the day to $31¼, where it stands $21 below its 12-month high on a lowly price-earnings ratio of only 8; Humana, the company that has pioneered the use of artificial hearts, fell by $3 to $25¼, and National Medical Enterprises dropped $2⅝ to $20¼.

The panic over the health care sector took down all the leading indices on Wednesday, leaving the Dow Jones Industrial Average at 133.67. On Tuesday it had been swept up by 12.32 points in a sudden change of sentiment over oil, triggered by Increasing spot and futures prices, a run-down in inventories and the approach of winter. Later, on Friday, shares were hit by a mass sell-out in the computer sector after Burroughs had Issued a gloomy statement on its immediate prospects.

Wall Street

These sectoral switchings aod the recurrent bouts of takeover fever—Revlon was the main main target this week—are, nevertheless, minor waves in a market whose main attention is focused on the tide of poor third-quarter earnings expected to begin rolling in from corporate America over the next few weeks.

According to Zacks Investment Research, which tracks earnings estimates coming out of the hrokerage research departments, analysts have become progressively more sceptical over profits during the past month. Among estimate changes in that period for the earnings of the top 1,000 U.S. companies, 77 per cent have pointed to a decline. Only a few months ago, the third quarter was being seen as the springboard for a recovery in profits after the 13 per cent decline they registered in the second quarter of the year; now the Wall Street consensus appears to be moving towards a fall of around 7 per cent for the three months to September, with a flat performance in the final quarter.

Sentiment over the final three months of the year, however, could still see some fairly marked changes as analysts come to grips with the decline of the dollar since the Group of Five meeting last month. After its precipitous fall last week, the U.S. currency has slipped a little further in the past few days, pushing it down by around 7 per cent since the decline began.

The key rate for the profitability of many U.S. corporations is the yen, as much for the impact of Japanese sales in the U.S. as for the penetration of American exports overseas. Some specialists argue that the dollar could be pushed down to Y200 or even lower, hut even the decline so far should result in significant profits improvements in several industries.

Merrill Lynch, for example, believes that among the heneficiaries will he the drugs companies, which typically generate between 25 per cent and 45 per cent of their earnings overseas; construction machinery concerns; and the big paper groups.

MONDAY	1328.63	+ 7.84
TUESDAY	1340.95	+12.32
WEDNESDAY	1333.67	− 7.28
THURSDAY	1333.11	− 0.56
FRIDAY	1328.74	− 4.37

Terry Dodsworth

MONEY 85 is described by its organisers as a "financial hypermarket for investors" Stockbrokers, bankers, unit trust groups, insurance companies and building societies gather at the Olympia exhibition hall in London to explain their services. Money 85 is open today from 11 am to 7.30 pm, and tomorrow from 11 am till 5 pm.

IN THE NEWS

Pensions go into Europe

INVESTORS can now put their pension savings as well as personal savings into the fashionable European market, with the launch by M & G of three new exempt pension funds that mirror existing unit trusts.

The European Pension Fund is based on the group's European and General Unit Trust Fund. It will invest in a wide range of European securities aimed at producing long-term growth.

The planned composition of the portfolio spreads throughout Europe: Italy 21 per cent; Netherlands 17 per cent; West Germany and Switzerland 14 per cent each; and France 13 per cent.

The other two funds launched by M & G are both income-based: the International Income Pension Fund, based on the International Income Unit Trust with a yield of 6.7 per cent; and the UK Income Pension Fund which will invest in the M & G Conversion Income Fund, yielding 6.9 per cent.

The personal pension market, catering for the self-employed and for executives, has been the growth area for life companies this year. M & G's life operation has participated in this growth to the full; the number of pension contracts on its books has doubled over the past 12 months. The move is a logical extension of M & G's product range for pension funds.

Since investors are locked into pension contracts until retirement, the sole criterion for selecting funds is the overall growth rate; in theory, so far as pension fund investors are concerned, there is no difference between income and capital growth funds.

However, M & G has always been bullish on income fund stocks, tending to the view that these tend to be undervalued, yet offering above-average growth prospects as well as income growth.

Pension fund investors who leave their investment decisions to M & G by investing in the managed fund, will find that involvement in Europe is small at present—3½ per cent. M & G feel that this proportion is likely to increase soon.

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Low marks to the Bradford and Bingley Building Society for its "Real Gold" account. Advertised as instant access, like other societies' "Gold" accounts, the B and B product has a couple of worms buried away in the small print. The first is that you are only allowed two withdrawals a year—any more and the interest rate drops to the ordinary share rate of 7.0 per cent. The second is that interest rates also drop in the year that you close your account—buying investors' loyalty with the stick rather than the carrot. Real Gold, or Fool's Gold?

MERCHANT INVESTORS, the UK offshoot of the largest Dutch insurance group, is offering a flexible account for investors in its unit-linked savings scheme. The account allows you to change the amount you are saving, or stop saving altogether, after you have made a certain amount of contributions.

Your first three months of payments will be wiped out by front-end charges, and on top of this you will be charged £1.40 a month for running the account, plus 0.75 per cent a year on the value of your investment.

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Barclays is widening the range of its personal loans, at both ends of the scale. The minimum amount, previously £500, drops to £300, while the maximum rises from £5,000 to £7,500. The unsecured personal loans are available for terms between 12 months and three years for the purposes of buying consumer durables, or for up to five years if you want the money for home improvements. The interest rate is currently 20.625 per cent — an annual rate of 22.6 per cent.

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HOGG ROBINSON, the insurance broking group, has launched its own school fees advisory service. It offers a range of methods of paying school fees, including a loan plan to allow parents to spread the cost of educating their children beyond the period in which they are actually at school.

Hogg has recruited David Chinn, formerly joint managing director of School Fees Insurance Agency, to head its new operation.

House insurance

Policy holders have responsibilities too

BUYING A house is the biggest single investment in a person's life. Yet it can be ruined with severe financial consequences, unless adequate insurance is taken out on the building and its contents.

Many people pay too little attention to house insurance, relying on their insurance company, their building society or their insurance intermediary to deal with it. Shortcomings come to light only when disaster strikes.

A recent report on the subject by Sir Gordon Borrie, Director-General of Fair Trading, comes as a timely reminder.

The report follows several months' investigation by the Office of Fair Trading (OFT) and has three main parts: its recomendations to insurers, government and householders. It is worth reading for the last section alone.

It stresses:

● The importance of the correct insurance, including a householder's liability towards other people. For example, does a policy provide cover against a claim made by a passer-by accidentally hit on the head by a falling roof tile? Most insurance contracts give automatic third party liability cover up to £250,000, but this should be checked out.

● In contracting for an insurance policy, check that it covers all the risks you require it to; and make sure you read and understand the policy before you accept it.

Most people think their insurance policy covers every eventuality, discovering too late that there may be certain exclusions.

● Cover is usually comprehensive on buildings insurance, though particular clauses covering, say, subsidence should be checked. However, with contents insurance there can be a variety of exclusion clauses, to say nothing of warranties—undertakings that a honest holder must fulfill, such as maintaining the condition and security of the house.

The report reminds readers that an insurance policy is not a maintenance contract. Even where buildings insurance is effected through a "block" policy from the householder's building society, the particulars of cover provided should be checked.

Small print can spell out a multiple of conditions relating to the policy, including responsibility for professional fees incurred in settling claims.

● Householders should complete the proposal forms themselves, and retain copies for future reference (Many insurance companies now forward a copy of the original proposal with the policy documents).

A policy holder is responsible for answers given to questions put in the proposal form on which the insurance contract will be based.

The British Insurance Brokers' Association advises its members not to fill in proposal forms, since this can give rise to all sorts of problems.

● Likewise it is the responsibility of the householders to ascertain the correct sum insured: a penalty for under-insurance could be a reduction in the amount paid out on a claim.

Insurers will advise on this, but they cannot determine what the sum insured should properly be.

On contents policies, the Office of Fair Trading advises householders seeking to insure jewellery, pictures and other valuables to have these professionally valued.

The correct level of cover insurance for buildings is a contentious point. Insurance companies insist that the "correct" level is the cost of rebuilding the house, which costs include the cost of clearing the old structure and any professional fees involved in its rebuilding.

Many people believe that the sum covered should be the market value of the house—on the grounds that if an existing house is damaged beyond repair they want simply to buy a new house; an OFT report expresses considerable sympathy with this view.

However, the Association of British Insurer points out that a householder cannot walk away from a damaged house and buy a similar one round the corner. The person insured has a social responsibility—and, in many cases, a legal one, under local authority by-laws—to make the existing building safe, and to ensure that adjacent buildings are also made secure.

● Under the present law, householders have a duty to disclose all material facts affecting the insurance; failure to disclose could result in a claim being repudiated. Thus, for contents insurance, the householder must disclose facts such as a part of the house let to lodgers.

● The OFT urges the government to accept the Law Commission's report for radical changes in insurance law. The ABI, however, considers that its changes in insurance practice, which restrict the grounds on which insurance companies can repudiate claims, are adequate.

● Finally, the report sets out means available to the consumer of seeking redress, in the event of dissatisfaction over payment of a claim.

The report is available free from the Office of Fair Trading, Room 517, Chancery House, Chancery Lane, London WC2.

Eric Short

Prices pitched to a buyer's best guess

INVESTING in stock market newcomers is never easy. It is all very well to be wise after the event, but there was no clear warning that this week's offer of shares in Fairbriar, an up-market housebuilder in the home counties, would flop; nor that AMS, whose sound-manipulating machines create many of the shudders and screeches in modern pop music, would be well over-subscribed.

In each case, all that was needed of investors was to decide if they liked the look of the company and, if so, to put in an application form at the fixed offer price.

This week's third new entrant, St Ives Group, presented investors with a more difficult task: having decided to apply for shares, they then had to select the maximum price they were prepared to pay.

N. M. Rothschild, St Ives' advisor, chose the "offer by tender" method on the ground that a fixed-price offer for a small and specialised company ran the risk of being either over-subscribed by a big margin or getting almost no applications.

With an offer for sale by tender, applications are invited above a lowish minimum price and the actual strike price is set later at the highest level at which the issue is covered comfortably. For St Ives, the minimum was 295p and the eventual strike was 330p.

If, however, a team of merchant bankers cannot agree on the right price for an issue, how is the private investor meant to do so? The answer partly, is that he is not. Any investor who had decided the shares in St Ives were worth precisely 325p would have been annoyed to discover that, having applied at that level, he got no shares at all.

The message is clear: investors should tack on a largish margin to whatever they consider a fair price, although this assumes they have an idea of what a fair price would be, which usually will not be the case. To rely on a rule of thumb—that the minimum price is likely to be some 10 per cent below what the advisers regard as the most likely outcome—is not very helpful, either.

A good example is Renishaw, a machine tool probe-maker that joined the USM in 1983. Issued at a minimum price of 80p, the strike price was set at 150p; from there, the shares climbed. Anyone who had stuck to a rigid formula for calculating the price would have missed out badly.

Perhaps the answer is to pitch the price so high as to ensure getting shares, whatever the price. However, self-respecting investors may not wish to place such blind trust in the market; and, in any case, if enough followed such a route, it would make a nonsense out of the whole thing.

Another option is to put in many applications at different prices so that the higher the strike price, the smaller the number of shares received. While perfectly possible, this seems to be making a meal out of what should be a straightforward procedure; and you also run the risk of receiving far more shares than you want.

It is not just the difficulty of establishing the price that makes private investors dislike the tender offer. It also reduces the likelihood of making a large, fast profit: if the market loves an issue, the effect will be a high strike price—not a huge premium over a fixed price once dealings begin.

It is a sad fact that just as a tender takes the fun out of stagging, it also makes this a good deal easier because it is permitted to enter multiple applications.

In a mixed price issue, investors suspected of putting in more than one application get weeded out. In a tender offer, there is no limit to the number of applications one person can submit so long as they are all at different prices.

There is one comfort, however. At the striking price, an issue will never be hugely over-subscribed. Investors can at least be assured of getting most of the shares for which they applied. And for the investor who is buying shares and taking a long term view, this might be no mean consolation.

Lucy Kellaway

An unauthorised horror story

INTEREST RATES of nearly 16 per cent over base—that is, a sweet 27½ per cent—are only charged by the most usurious back street loan sharks and credit card companies slow to react to changed market conditions. At least, that is what I thought until recently.

Imagine therefore my horror last month when a Midland Bank clerk told me in a chance conversation that charges of this order have been clocking up on mine and my wife's joint current account.

The reason is not because I am an appalling credit risk, but simply that I have been committing the cardinal banking sin of helping myself to what is known in the trade as an "unauthorised" overdraft.

Readers with strict views about such matters will no doubt have little sympathy with my cause. But having always taken the view that my bank manager is on to a winner either way—he earns interest above base sufficient to give him a profit on borrowed funds—I have never had any qualms about dipping into the red when times are hard.

Such presumption, I hasten to admit, has led to the occasional mild rebuke in the form of a standard letter requesting covering funds, but the Midland (so far) has not been sufficiently miffed to bounce my cheques.

It thus irks me just a little to have stumbled across this penal interest rate system by luck rather than via the formal information channels of the bank. Certainly, a number of "charges" and "commissions" have appeared in recent statements but since the Midland (in common with most major high street rivals) does not break down these figures into Autobank withdrawals, direct debits, cheques, and the interest amount, spotting a 27½ per cent rate is not surprisingly rather difficult.

My bank branch told me that had I asked for an overdraft—I now have, incidentally —I would only pay 5 per cent over base for the privilege.

The back of my Midland statement says only: "If your account becomes overdrawn interest will be charged in addition to any charges for operating the account."

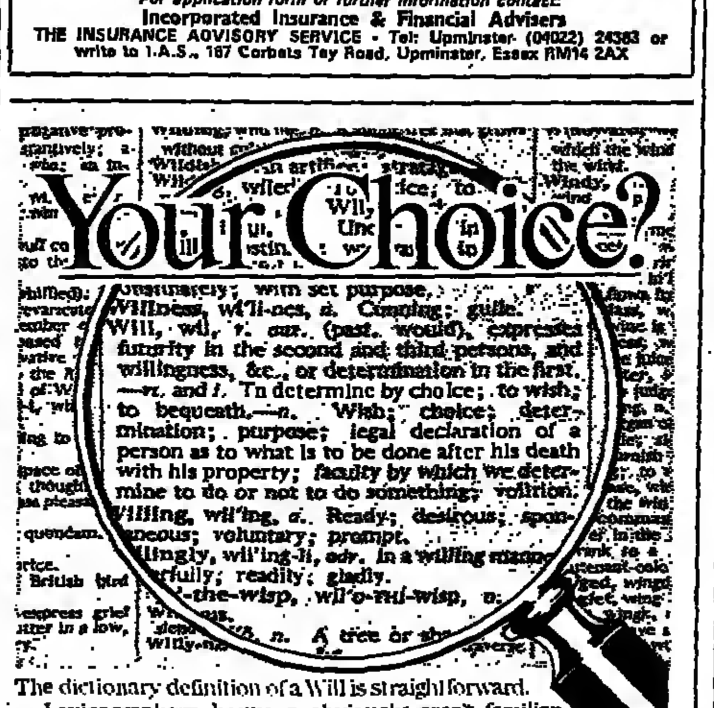
While Midland at 27½ per cent is toughest on the miscreants (a rate apparently "linked" to the Access rate which is nevertheless only 26.8 per cent at the moment), bank managers at Lloyds (23½ per cent), National Westminster (24 per cent) and Barclays (23½ per cent) also levy customers pretty severely if they do not ask.

Browsing through the National Consumer Council's report of December 1983 on "Banking Services and the Consumer" — not exactly bed-time reading but useful ammunition for anyone with a grouse — I was pleased to note that the banks are specifically urged to deal more leniently with the likes of me.

Among the recommendations, the Report suggested that banks should not take money for charges out of customers' accounts without telling them first; that banks should radically improve the way in which charges are presented to customers; *and that they should also draw attention to the costs involved, when writing to customers about unarranged overdrafts.* (My italics.)

My faith in the system was just a little restored when the man at the Midland promised me that the Listening Bank's marketing team is at the moment "seriously looking into" at least this last point.

Tim Dickson



· FINANCE & THE FAMILY ·

The best ways to get rich

HOW GOOD are your chances of getting rich? According to one study, conditions in Britain in the 1980s are very nearly as favourable as they were in the Victorian era.

Increasing home ownership combined with rising house prices, and the growth of the Unlisted Securities Market as a means of raising capital, are among the factors picked out by IFT Market Research in its study of personal wealth in the UK. It says individual fortunes have not grown on the Victorian scale, but the number of people involved probably is comparable.

According to the study, the most important new sources of wealth, and one that will increase in importance up to the end of the century, at least, is tha inheritance of property by people who already own their nwn hnmes; and to whom the inherited property, unencumbered by a mortgage, is a windfall.

As a direct result (and ignoring any other inheritable assets), people at occupatiooal and social levels that formerly did not permit the accumulation of wealth now have estates worth at loast £30,000.

Share option schemes are singled out as another potential source of wealth that used to be open only to fouoders of companies. IFT predicts they will become increasingly important in the future.

Other sources include inheritances other than property, maturing life assurance policies, widows' benefits, pension lump sums, redundancy payments and golden bandshakes, damages awards, divorce settlements, premium bond and other lottery prizes, football pools and other gambling winniogs, stock market capital gains, and sales of businesses.

Other factors contributing to the accumulation of wealth include credit "which has never been so freely available" and which can be used to create wealth. Mortgage finance and its favourable tax treatment, fnr instance, has been used to finance what IFT describes as "effectively property speculation."

Although difficult to quantify, the black economy ("where, at the top end, there are no doubt some very wealthy people") and crime ("some criminals, both discovered and undiscovered, are also wealthy") are other sources of contemporary wealth.

The study says that Britain remains an affluent nation despite its economic decline relative to the rest of the developed world. And in spite of the "ravages of taxation," wealth in Britain still is "very unequally" distributed.

The concentrations of wealth are less marked than in the "final heyday of the old regime," which the study defioes as the years from the turn of the century to the outhreak of World War I. Bnt "ours is still far from an economically egalitarian society," the report says.

Among the new sources of wealth are the "sunrise" industries; and from these the study picks out the high proportion (well over 100) of electronics millionaires created by recent flotations on tha USM.

Other sources of contemporary wealth are property development and retailing (sometimes in combination); professions' servicing; new social and economic developments such as accountants and lawyers; and "talented individuals" such as actors, writers, performers, visual artists and athletes.

The study finds that tha wealthiest occupations, on average, are (in descending order) solicitors in private practice, company directors, cbartered surveyors, accountants in private practice, medical GPs, members of Lloyd's and farmers—although the latter often are "paper millionaires" since their main asset, land, might not he realisahle.

Of the 16 categories singled out by the study, owners of stately homes were at the bottom of the league along with insurance brokers.

Of the personal sector's financial assets, equity in lifa assurance and pension funds forms easily the higgest and expanding component—39.3 per cent against 26.7 per cent in 1976.

In terms of pbysical assets, dwellings account for hy far the largest proportion—£425.4m, or 71.2 per cent—followed a long way behind hy consumer durables, which account for £89m, or 14.9 per cent.

Margaret Hughes

GROSS ASSETS OF PERSONAL SECTOR 1976-83

	1976 £m	1976 %	1983 £m	1983 %
Dwellings	150,300	38.9	425,400	39.7
Consumer durables	41,800	10.8	89,100	8.3
Other physical assets	39,500	10.2	82,700	7.7
Total physical assets	231,600	59.9	597,200	55.8
Equity in life assurance and pension funds	41,500	10.7	186,000	17.4
Liqnid assets	63,703	16.5	166,597	15.6
Other financial assets	46,657	12.1	120,546	11.3
Total financial assets	154,860	40.1	473,143	44.2
Total gross assets	386,460	100.0	1,070,343	100.0

Source: Financial Statistics/IFT.

PERSONAL SECTOR FINANCIAL ASSETS 1976-83
(end-year figures)

	1976 £m	1976 %	1983 £m	1983 %
Notes and coins	5,433	3.5	9,726	2.1
Bank deposits:				
Sight	8,814	15.1	22,116	11.6
Other*	14,535		32,683	
National Savings	9,143	5.9	24,824	5.2
Building societies	25,778	16.6	77,243	16.3
Local authority loans, etc	3,221	2.1	1,876	0.4
Britisb Government securities	7,098	4.6	17,370	3.7
Overseas securities	1,800	1.2	7,343	1.6
Overseas securities	1,800	1.2	7,343	1.6
UK stocks and shares	22,918	14.8	62,140	13.1
Unit trusts	1,812	1.2	6,579	1.4
Domestic loans†	3,036	2.0	4,235	0.9
Trade and other UK debtors	8,450	5.5	18,150	3.8
Eqnity in life assurance and pension funds	41,500	26.7	186,000	39.3
Other financial assets	1,322	0.9	2,853	0.6
	154,860	100.0	473,143	100.0

* Including Trustee Savings Banks.
† Other than loans to government and local authorities.

Source: Financial Statistics/IFT.

Social services

Home care—at a cost

NO ONE KNOWS exactly how many people with disabilities there are living in private households in Britain today.

When Mr Norman Fowler, Social Services Minister, decided to "review" all of Social Security last year, he was forced to accept that the statistics about disabled people were so out of date that his first step had to be a survey to establish the basic facts. This has not yet seen the light of day.

A rough guess, though, ia that there are 600,000 or so severely handicapped people living at home. They, and many others who are less severely disabled, need help to continue living there.

It is also estimated that there could be 1.25m "carers" looking after them. At one extreme, there will be those wbo are looking after a severely-handicapped relative 24 bours a day, living in the same bouse and never really going off duty. At the other, those doing a few hours' housework a week for, say, an arthritic relative living nearby.

These carers are predominantly women. One 1978 survey found that three times as manv womeo as men were looking after elderly or handicapped relatives.

As part of the encouragement of home care, the 1975-79 Labour Government introdnced a social security benefit for those caring for disabled people. This is the Invalid Care Allowance (ICA), currently set at £21.50 a week — more if you have edditional dependants. It is payable if you are spending at least 35 hours a week caring for someone who receives an attendance allowance. ICA also pays a National Insurance contribution, which may be important in totting up your entitlement to a state pension.

The rationale is that the benefit should provide some compensation for the lost opportunities of the carer. It can be claimed by any man, regardless of marital status, and by single women. Married or cohabiting women, however, are disqualified.

At the time of ICA's introduction, the Government said that this was because these women would not normally be in paid employment — and so did not lose income.

The Equal Opportunities Commission, however, has pointed out that this assumption is ill-founded. More than half of all married women are ecooomically active, and among the 35-54 year olds — the age group most likely to be called on to care — the figure is more than two-thirds.

Feminist and disahility groups have campaigoed against the restrictions on ICA since it was first introduced. After meeting with no success at all for years — hecause a change was seen by both Lahour and Conservative Governments as too expensive—the attempts to equalise the position met with success in March this year: the Social Security Commissioners, who preside over the appeals structure for social security henefits, awarded ICA to a married woman living with her hushand, Mrs Madeline Drake.

Their decision was hased on the fact that a new Europesn Directive had come into force in December 1984, enforcing equality in state Social Security Schemes. The Government argued that benefits for carers were not specified in the Directive, and therefore not included.

However, Mrs Drake's lawyer put forward the view that ICA was a "henefit concerned with disability" and that these *were* specifically covered. Both Mrs Drake, and the DHSS officers defending their position, had agreed beforehand that whatever the outcome, there would be an appeal to the European court to give a definitive ruliog on the point. The DHSS lost, and the case will now be decided by the European Court of Justice later this year.

Meanwhile, ICA campaigners are urging all women who might qualify for the beoefit to claim now. If the Drake case is successful, the DHSS has agreed that their henefit will he backdated. If it is not, the claimants will have lost nothing.

Tbe take-up of claims has been considerable—far more tban the campaign expected—and the DHSS appears more than once to have run out of claim forms. There are, though, many more people who could claim, if they knew about the possihility.

To do this, any married woman who thinks she may qualify should ask the local DHSS office for leaflet NI.212. This incorpurates a form to be filled in and sent off.

The questions on the form are designed to discouraga married women from applying for the benefit and the ICA campaigners suggest that claimants should write, io the space provided, a statement that they are married, hut are claimiog hecause of the EEC Directive. If there is delay in supplying the form, a letter making the claim will probably be acceptable.

All that is needed then is to wait for the outcome of the European case, which is likely to get wide publicity. If it is decided in favour of married women, claimants will be contacted and benefit paid out automatically.

Further informatioo from local Citizens' Advice Bureaux, or the ICA Steering Group, c/o 12 Park Crescent, Loodon W1N 4EQ.

Sue Ward

• FINANCE & THE FAMILY •

Tax havens—a retirement choice

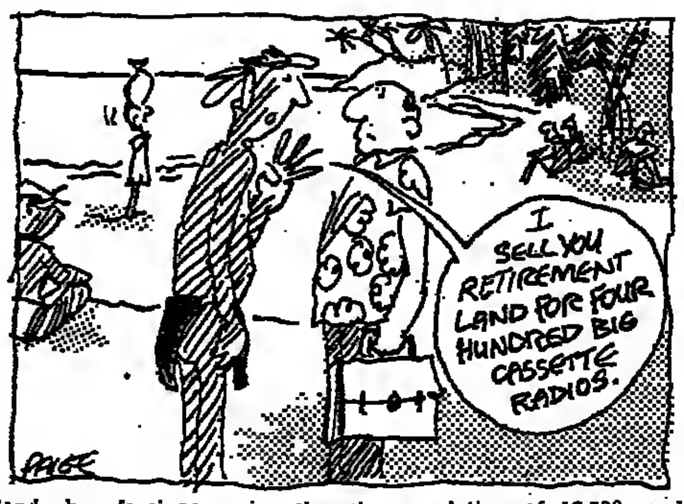
WHEN SELECTING a suitable place to retire, most people think immediately of the tax havens. What more convenient spot is there to live than beside hard-working savings?

However, most of the best-known tax havens prefer to accommodate wealthy foreigners' funds rather than the wealthy foreigners themselves. The reasons for this discrimination are political and practical: most tax havens are small countries with limited resources and a resident population that would not appreciate a large influx of foreigners.

So before setting out to visit your money with a view to settling down beside it, the wise expatriate should check the welcome. Some havens, like Gibraltar, make it clear that extra bodies in already cramped conditions are not welcome; others, like Luxembourg, frighten off potential residents with high personal taxation rates. Others seem encouraging—with no income tax—then reveal a complex selection process that makes it impossible for ordinary mortals with less than a million in the bank to live there.

Most people's idea of a tax haven contains Caribbean sunshine, but many of the well-known Caribbean havens are now very choosy about whom they allow to live on the islands. Antigua, the Bahamas, Bermuda and the Cayman Islands all have no income tax, but they do have strict requirements for residence and property or land purchase.

The Bahamas were the archetypical tax-free paradise. They still are, if you want to live on one of the smaller islands, but foreigners now find it difficult to buy property on Grand Bahama, and all purchases of



land by foreigners in the Bahamas must be approved by the government. To obtain permanent residence an investment of at least $150,000 in property, plus an investment in local business, is expected. Applicants must show a foreign income of $25,000 per year.

In Antigua and Bermuda government permission is also required by foreigners wishing to buy property. Bermuda expects even more of its foreign residents, limiting the properties that they may buy to those with a value of at least $500,000 (the stipulation is an annual rental value of $37,000 per annum) for a house, or $250,000 for an apartment. The fee for the purchase of land or property is 10 per cent of the purchase price, plus an annual land tax of 23 per cent of the annual rental value for properties with an ARV of $12,000 (purchase price around $200,000).

More recent arrivals in the Caribbean tax haven stakes are more generous to foreigners. The Cayman Islands already has some 5,000 expatriates among the population of 18,500, and the purchase of property and land by foreigners is encouraged, although the area around George Town is already extensively developed.

Foreigners applying for residence are expected to invest C$150,000 (£130,000) in property or business; those wishing to build condominiums or hotels are encouraged to do so provided the plans are passed by the central planning authority. Land costs vary from C$5,000 to C$15,000 for a quarter acre. A stamp duty of 7½ per cent levy on the building cost of each unit of a condominium must be paid by the developer.

Besides investing in property and being of good character, the Cayman Islands expects foreigners to support themselves and, in case of mishap, to deposit C$600 with the government to cover costs of repatriation. The British Virgin Islands do not even have this requirement. This is one of the few countries that still welcomes foreigners to come and set up a business or bring a skill. Although income tax is levied, the maximum rate is 20 per cent for incomes of $25,000 and over. This is levied on worldwide income, excluding pensions, except for taxpayers who are not domiciled or ordinarily resident; who pay tax only on income arising in or remitted to the islands.

Non-residents need a licence to purchase land in the British Virgin Islands, but there are no restrictions for holders of a residence permit. Land is divided into "private" and "Crown Land" which may be leased to applicants intending to develop it to the benefit of the islands.

The government is particularly keen to promote development of the water front to boost the tourist industry: prime sites cost around $50,000 per acre. Inland, however, land can cost as little as $5,000 per acre.

Land tax is payable at $20 for the first acre and $10 per acre after that, and there is an annual property tax of 1½ per cent of the annual rental value. Stamp duty is 5 per cent of the purchase price; this is paid by the purchaser.

One of the disadvantages of buying land in an under-developed resort is the need to provide one's own services. Mains water and sewage are only available in the main towns, if at all. This is not usually a problem in European tax havens, where the standard of living is much higher. Liechtenstein admits foreigners of retirement age with independent incomes, but residents are taxed on worldwide income to a maximum rate of 17.85 per cent. Non-employed resident aliens can be taxed on the basis of an imputed income at a flat rate of 12 per cent — this is usually equal to five times the rental value of a house.

Unfortunately, land and property in the tiny principality is scarce and expensive, although not as dear as the Channel Islands, where foreigners have to pay double the local rate for property. Most people are spared the expense, however, as the Channel Islands have reduced the quota new residents per year to a handful of millionaires.

The only European tax haven without any form of direct taxation is Andorra. Although the Andorrans are anxious to protect their national identity, they are happy to let foreigners buy property there for holiday use, or for retirement. Foreigners may buy land in Andorra up to 1,000 square metres and own one house or flat and one car. Residence permits are granted to retired foreigners of independent means.

Andorra is not interested in any form of foreign investment other than personal bank accounts and property purchase. This is because of the delicate political balance created by its sovereignty, shared between Spain and France.

The restrictions imposed on foreign residents by many tax havens mean that the expatriate's choice is limited to the less well-known islands in the Caribbean if he wants to retire with his money. Given the choice most would be well advised to leave their money in a haven and retire to a land where they most want to live.

Amanda Seidl

Buying from abroad

How to beat the snags

WHETHER IT is a replacement sugar bowl for a tea-set available only in Germany, or a technical book published in New York, buying something from abroad for personal use can be fraught with problems unless you go about it the right way.

The system is simple enough. The sender of the parcel lists its contents on the outside, together with an estimate of its value. When the parcel reaches the UK customs, the officer decides if duty is payable; whether he opens it to check its contents depends on how busy he is. A bill is then attached to the parcel and you pay the postman when he delivers it. Alternatively, you might be sent a simple form to complete and return to the depot before the parcel is delivered.

Most goods brought into this country are liable to some combination of customs duty, excise duty and VAT. This applies to gifts as well as purchases, and to second-hand goods as well as new goods. The rates vary considerably, ranging from 3.8 per cent on certain types of jewellery to 17.5 per cent on stainless steel forks and spoons. Books, paintings and unworked precious stones are among the few items that escape duty, and packages worth less than £6 are free of all customs charges.

You can find out if taxes are due on an item by telephoning your local Customs and Excise officer or obtaining the leaflet from him called *Rates of Duty and VAT on typical articles imported by private persons.*

Gift packages sent by a private person from an EEC country, and worth no more than £40, attract no duty. For those sent by people outside the EEC, the free limit is £20. In both cases, there are limits to the amount of tobacco, alcohol and perfumes that can be contained in the parcel.

For most people, the idea of sending abroad for an article will occur only when it is something they particularly need that is not available here. However, for those who fancy seeing what the world has to offer, the big stores and mail order houses in most countries—particularly in the U.S. and Canada—produce catalogues, some of which make fascinating reading. Usually, they are happy to send you one on request, although in some cases a small fee is charged.

Buying from advertisers abroad involves a greater risk than buying within the UK, though. Here, you are protected by the British Code of Advertising Practice; but even where similar schemes are in force overseas, there is the difficulty and cost of carrying on a dispute across thousands of miles.

You should, therefore, try to ensure that you are dealing with a reputable firm. If a large amount of money is involved, your bank might be able to help by asking its agents in the country concerned to make an enquiry on the financial standing of the firm. It could also advise you if using a letter of credit to pay would be sensible. By this method, you can ensure that the goods actually are sent and are in reasonable condition.

Normally, you are expected to send the purchase price with your order. A banker's draft or payment order in the relative foreign currency is a suitable method, although a simple and inexpensive way is to use a credit card. Many department stores and mail order companies abroad accept credit cards such as Access and Visa.

A space often is provided on the order form to write your card number, and you are debited through the system in the same way as though you had used the card while travelling abroad.

Harold Baldwin

"A BRILLIANT TACTICIAN AND A MASTER OF TIMING."

"NAH, NOT ME, SCOTTISH AMICABLE."

THE DUKE OF WELLINGTON

"Didn't I give a hiding to the Froggies at Waterloo? Course, I had a bit of help from them Prussians, but it was my nifty footwork as a strategist that did the trick.

Suppose that's why Scottish Amicable got me in to do their adverts. They wanted someone as sharp as them.

And they're as sharp as they come. They're running rings round the competition, just like I did.

Their blokes who invest your savings have got the knack of pulling off the right deal, at the right time.

They call it 'contra-cyclical buying and selling.'

I call it 'using yer nouse.'

Anyway, whatever you call it, it works. My mates at Scottish Amicable have come top of all the tables in Money Management's 1985 survey of with-profits endowments.

Stands to reason, then, they're the ones with the know-how to give your savings a bigger leg-up than anyone else.

Get on to your insurance bloke about it, or if you want more gen on Scottish Amicable, give 01-200 0200 a tinkle.

I've got to hand it to them, their run of winners knocks my little victory into a cocked hat.

Still, I don't suppose their guvnor will ever end up on the back of the five quid note, will he?"

SCOTTISH AMICABLE

WE'RE A COMPANY OF NOTE. JUST ASK YOUR FINANCIAL ADVISER.

150 ST VINCENT STREET · GLASGOW G2 5NQ · RING TELEDATA 01-200 0200

Unit trusts

Cake cut in equal slices

INVESTORS who enjoy the sight of cheques fluttering through their letter boxes often are averse to unit trusts, which tend to pay out dividends only half-yearly or quarterly.

Now, though, the principal unit trust groups are invading a traditional preserve of the banks, building societies and National Savings with their own regular income schemes. These work by grouping up to six income funds with evenly spaced distribution dates in a portfolio, so that the unitholder receives a tidy sum every, or nearly every, month.

Immediate returns do not compare with the 12 per cent gross available on NS Income and Deposit Bonds, or the 9 to 10 per cent net paid by societies on monthly income accounts. But unit trusts have the advantage of capital growth and, hence, the prospect of an increasing revenue from their investments—so yields can look healthier with time.

Only three companies — Touche Remnant, Framlington and Schroder—have trusts that distribute earnings 12 times a year. Others have been deterred by the administrative costs involved and the complexity of generating income within the fund to meet the distributions.

These problems have discouraged TR from promoting its Income Monthly Fund, which has consequently grown to only £3.6m after 10 years. Framlington, though, has cut costs with its Monthly Income Fund, launched in 1984, by insisting that distributions are paid directly into the investor's bank account.

The simplest income portfolio schemes produce monthly payouts by splitting your cash equally between a handful of trusts. Naturally, the income can fluctuate quite dramatically from month to month depending on which fund happens to be paying out. Henderson's plan, for instance, which divides your money evenly between four funds, pays about twice as much on the occasions that the Gilt and Fixed Interest trusts are shelling out as when the two equity-based funds have their turns.

Several groups try to stabilise their monthly plans by spreading the investment to achieve roughly equal dividends. This can be done only by placing more in the lower yielding equity funds and less in the higher paying fixed interest vehicles. Inevitably, this depresses the overall yield, while at the same time boosting the potential for capital and income growth.

This effect is compounded in Allied Dunbar's Monthly Income Portfolio, one of the lowest yielders, because it excludes any fixed interest funds. "They are no good for those who want a decent level of income over the long term," an Allied spokesman said.

Other "level income" proponents include Fidelity, Royal London Mutual, and Abbey. The latter also offers a total return option where the managers send monthly recommendations on updating the portfolio—at present, it is 37.5 per cent in High Income Equity, 32.5 per cent in Gilt-Fixed Interest, and 30 per cent in Worldwide Bond.

An obvious snag with level distribution arrangements is that managers must fix the spread using today's yields. Very few advise subsequent alterations to the portfolio—frequent changes would be expensive, anyway—so it is likely the smooth flow of distributions will turn increasingly bumpy with time.

Save and Prosper iron out the payments by linking their monthly scheme with a deposit account from parent bank Robert Fleming. Your cash is divided between five funds (15 per cent in both American Income and Growth and Smaller Companies Income, with the rest in Gilt, High Return and Income funds), while 5 per cent is reserved for the high interest bank account. Distributions are paid into the account and passed to the investor on the same day each month at a pre-determined level, which is reviewed annually in line with income from the trusts.

In a similar vein, other groups have incorporated building society accounts into their monthly income plans. This is designed partly to add an element of safety, but also to ease administrative costs.

Hill Samuel joined forces with the Nottingham last year to launch a plan in which a third of the investment is deposited in the society account and the rest split as preferred amongst Gilt and Fixed Interest, Income and High Yield funds (so long as there is more than £500 in each).

More recent is Henderson's Flexible Income Plan, which slices your cash equally between four trusts and a Halifax Building Society Cardcash Account.

Unfortunately, most monthly schemes require hefty initial investments—up to £10,000—to cover the minimum for each fund used. More worryingly, they involve tying up all your capital with one management group. It could have some impressive funds but your investment may be lumped in with some laggards, too.

The answer might be to devise your own monthly income plan, scanning the spectrum of management groups for the best looking trusts with evenly spaced distribution dates.

Alternatively, there are plenty of insurance brokers and financial advisers who will do the job for you. Windsor-based Towry Law, for example, runs a High Rise Income Portfolio for anyone with more than £6,000 to spend.

The cash goes into equity income funds from Perpetual, Framlington, Schroder, M&G, GT and Brown Shipley. Starting yield now is only about 6 per cent gross but clients who went in three years ago are now earning more than 10 per cent a year on their initial investment after seeing their units rise 90 per cent.

Similarly, London licensed dealer Bishop Cavanagh offers a portfolio of funds from Prolific, Baillie Gifford, Gartmore and others, linked to a Halifax account that aggregates dividends and hands out income.

Martin Winn

UNIT TRUST MONTHLY INCOME PLANS

Group	No. of funds	Min. investment	Gross yield (%)
Abbey	3	£3,000	7.4-8.4
Allied Dunbar	6	£3,000	4.8
Arbuthnot	3	£1,500	9.1-9.8
Barclays Unicorn	5	£5,000	5.8
Britannia	5	£5,000	8.0
Chieftain	4	£2,000	7.3
Fidelity	3	£2,500	7.9
Framlington	1	£2,000	6.4
Gartmore	4	£1,000	8.3
Henderson	4	£2,000	7.3
Henderson	5*	£2,500	8.0
Hill Samuel	4*	£6,000	9.3
M & G	5	£2,500	6.6
Midland	4	£4,200	7.6
Royal London	3	£1,500	6.9-7.4
Save & Prosper	6*	£5,000	8.0
Schroder	1	£2,500	7.8
Target	3	£1,000	8.4
Touche Remnant	1	£1,000	7.7
Tyndall	5*	£10,000	8.2†

* Including deposit accounts. Figures at September 1 († September 26).

Future plans in a dying business

In the U.S. you can now pay for your own funeral in advance. Mary Frings reviews the basic costs and optional extras.

PAYING IN advance for your own funeral has added a new dimension to the American Way of Death. It is a practice which has been growing by 10-20 per cent annually over the past five years; at some U.S. "funeral homes" as many as half the interments are carried out according to a "pre-need plan." In the state of Texas alone, over $300m is deposited in special funeral trust accounts, watched over by the State Banking Department.

The rationale is that prudent people take out fire, theft and accident insurance to cover the possible, so why not provide for the inevitable? In so doing, family and friends can be relieved of an onerous responsibility and personal wishes can be fulfilled. It is also a good investment: buying at today's prices freezes the cost of goods and services to be delivered at an indeterminate future date.

The Indiana-based Batesville Casket Company, which claims to be the largest in the world, with over 100 years of service, estimates (in its "Pre-Need Presentation Kit," distributed for the use of funeral homes) that the average basic funeral cost of $2,800 in 1985 will have risen to $8,872 by the year 2000.

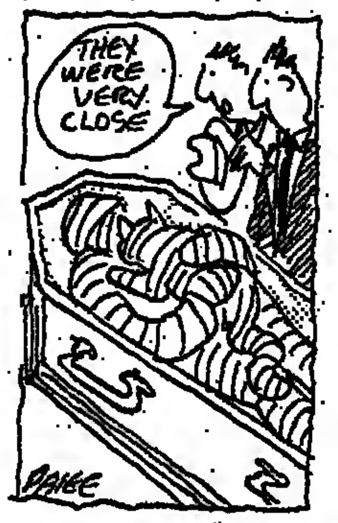
The "basic cost" does not include space in a cemetery or mausoleum, nor the outer enclosure or vault required—in many cemeteries—to prevent subsidence, nor special services such as embalming, flowers and obituary notices. Costs can be pushed much higher by the choice of a "premium" protective casket (no-one in the U.S. ever calls it a coffin).

One Fort Worth funeral home offers a cast-iron casket weighing 1400 lbs, priced at $22,500. Another lists models in 48oz bronze at $9,582 or 32 oz copper at $3,760. Cherry hardwood ($2,270) or hand-finished mahogany caskets may be chosen for their beauty, but they are not warranted proof against "water and other grave-site substances." Such protection can be obtained from a vault made of 12 gauge stainless steel ($3,693) or copper-lined concrete ($1,814).

Very few "Bible-belt" Americans opt for cremation (in the Dallas area, about 6 per cent), and many set great store by preservation of the body in the manner of the Pharoahs. Embalming costs upwards of $100. In the words of one practitioner: "Every American can have it, whereas in the ancient world it was the privilege of the very wealthy."

A funeral is defined by the National Funeral Directors Association Inc as "an organised, purposeful, time-limited, flexible, group-centred response to death. It involves personalised rites and/or ceremonies with the body present, to commemorate that death has occurred and that a life has been lived."

Pre-need funerals are sold on easy payment terms like cars or washing machines. The minimum of 1 per cent down and the rest in monthly instalments. The difference is that there are no financing charges, although payments may extend over five years or (less frequently) 100 months. The only sum a funeral director is legally entitled to add is an insurance premium; this guarantees the purchaser his or her full funeral package, even if he or she has a fatal accident on the freeway the day after making the first payment.



Buying burial space may be carried out at the same time, but this is a straightforward buy-and-sell transaction, on which ownership deeds are delivered as soon as the final payment is made. Costs vary from area to area and according to the type of repository. In Dallas, a recent direct mail advertisement offered two side-by-side plots in a "perpetual care" memorial park for $700 ("Save $300 by doing now what has to be done—sooner or later"). In a nearby indoor mausoleum, the most expensive "eye-level" vaults are priced at $5,800 for two people, while the increasingly popular double-decker lawn crypts range from $1,900 to $2,300.

For future delivery, the contractual agreement with a funeral home is normally limited to provision of a casket of the customer's choice, and the facilities and services offered directly by the home. In addition, most funeral directors open a "pre-need arrangements" file in which to record any personal preferences. They will review this file with members of the bereaved family when the contract "matures"—ie at the time of death.

Personal preferences may extend to the choice of pallbearers, the music to be played at the service, or the menu for the luncheon. According to Charles Shackelford, president of the Dallas area division of Stuart Enterprises of New Orleans, many people are still "a little bit queasy" about going into the finer details of their own funerals. Stuart Enterprises, a privately-owned company, has built mausoleums in 32 states and owns cemeteries and funeral homes in Florida, Texas and Louisiana.

"We are never surprised by any request," Mr Shackelford says. "One service was held in a bar, and the little combo which regularly provided music there accompanied the body to the cemetery and played for 15 minutes at the graveside."

David Clayton, president of the 600-700-member Texas Funeral Directors Association (TFDA), comments that in pre-paid funerals, "without any braggadocio I'd have to say that Texas is one of the leading states, both in sales volume and legislation."

State Law (Article 548b Vernon's Texas Civil Statutes) places the regulation and sale of pre-arranged funeral services and service contracts under the control of the State Banking Department. Any individual or firm wishing to offer such services must apply for a permit and undertake to furnish an annual report. The permit may be withdrawn for non-compliance with legal requirements.

The Banking Department must also approve the form of contract, and makes an annual audit of all funds placed in designated trust accounts. Some large firms administer their own trust funds, others hand them over to the Trust Departments of major banks. The TFDA itself maintains a Pre-Need Trust to enable small family firms to obtain the benefit of higher interest-yielding deposits. This mutual fund is administered by Interfirst Bank of Austin, Texas.

To cover the cost of a funeral home's up-front expenses, the law provides for the retention of a sum "not to exceed 10 per cent of the total amount agreed to be paid by the purchaser or said pre-paid funeral benefits of such total amount is reflected in the contract." However, until the permitted 10 per cent of the contract value has been accumulated, the funeral home may retain as its own money up to one half of the monthly payments. It may also withdraw interest from the trust account to pay any taxes arising from it or any "reasonable and necessary" charges made by a bank or savings and loan association. (This does, however, reduce the maturity value of the deposit, and thus the amount available to offset rises in the cost of materials and services contracted for.)

The accumulated funds accruing to any one contract may be released only on presentation of a certified copy of the death certificate — or on cancellation of the contract at the purchaser's request.

If a funeral home goes out of business, or files under Chapter 11 of the U.S. Bankruptcy Code, pre-need arrangements will still be taken care of. The Banking Department will appoint another firm to take on the outstanding trust accounts and carry out contracts.

The Dallas division of Stewart Enterprises, which owns three funeral homes in the area, with attached memorial parks covering 860 acres, maintains a sales force of 50 to generate pre-need funeral business. The target audience for advertising is couples in their mid-40s to mid-60s, but single people in their 20s and 30s have been known to pick out their casket and start paying for it monthly.

Mr Shackelford says: "We spend a lot of money on radio, TV and newspaper advertising. We do it to keep the public aware of our names — and we think it helps our sales people to get in the door in the evening. Sales resistance? No more than for any other product."

The three homes in the group conducted a total of 4,500 funerals last year, of which 49 per cent were pre-arranged. Restland, with 300 tree-shaded acres and a number of above-ground mausoleums as an alternative to grave plots, has 32,000 contracts outstanding and owns a mainframe computer to handle its 18,000 ongoing monthly payment accounts.

An eye to the priorities

John Campbell continues his series on portfolio planning by looking realistically at yields.

FROM THE investment angle, the stock market has two essential functions—building capital and making existing capital yield income. Most investors, being interested mainly in capital growth, regard income as a relatively minor component of their investments' total return. But for others (and particularly the retired) yield considerations may become all-important.

Anyone hoping to live off his investment income might have to revise some cherished notions. Growth-orientated investors, after all, are used to regarding cash, gilts and equities as an ascending order of risk and reward. Cash is absolutely secure; while equities offer the greatest potential.

However, if income is the name of the game, then this sequence may run in reverse. Then, the priority is not to maximise (or even maintain) capital, but to preserve the purchasing power of the income derived from it. Since cash and fixed-interest yields are static, or merely oscillate with interest rates, the security they provide against inflation is minimal.

In this regard, it is essential not to be seduced by the concept of a "real" or "positive" return. If gilt yields are 10 per cent and inflation is 4 per cent, then gilts are clearly keeping well ahead of the game. At least, they are if the income is being re-invested.

But if the income is being *consumed*, then the protection against inflation is nil. Regardless of whether the overall return is positive or negative, the real value of this income figure will steadily decline.

Cash-based investments (building society accounts, for example) face the same hazard, with the additional problem that income might fall in money as well as real terms if interest rates decline. From the viewpoint of someone dependent on investment income, the "security" of cash is illusory in inflationary conditions.

If your capital is limited, and immediate income needs are high, there might be little alternative to having a large element of cash and fixed-interest in your portfolio. From the beginning, though, you should try to channel as much capital as you can into equity-based investments. Apart from index-linked gilts, only equities can provide the income growth essential to combat inflation.

Their great disadvantage is that initial yields are low — certainly, much lower than those available on gilts or other fixed-interest securities. Nor are they reliable.

If recession strikes, or a company manages to get into trouble on its own account, dividends can be pegged, cut or even passed altogether.

Of course, the yields available on individual equities differ immensely — from virtually nothing to well over 10 per cent. And although the normal trend of dividends is upwards, the rate at which they can be expected to grow also is variable. As a gross generalisation (which at least works fairly well for unit and investment trusts), it can be taken that lower yields go with higher rates of dividend growth—and vice versa.

Naturally with individual equities, there is no alternative to analysing the company's track record and prospects—paying particular attention to dividend policy in lean years. Spectacularly-high yields should always be treated with great caution. Often, though not always, this means that the market is convinced either that the dividend is about to be cut or that the company has an uncertain future.

Dividend yield is only one of many yardsticks used to assess the merits of individual equities. On its own, it usually is a poor guide to the future performance of share prices. For example, it is by no means uncommon to show excellent capital gains on a portfolio chosen primarily on yield considerations.

With careful timing, it obviously is possible to re-cycle such "windfall" profits into shares with superior potential for dividend growth.

Briefcase

A letter spuriously signed

A man I know has recently written (and had published) a letter in the local press. At the bottom he signed my name and address. (The newspaper showed me his letter and I recognised his distinctive hand-writing).

It was a ridiculous letter and intimated quite wrongly that I had formerly been an alcoholic. As a consequence I believe that my business has suffered financial loss. I have been to my local Citizens Advice Bureau but they tell me that libel cases are not supported by Legal Aid Schemes and I cannot afford to pay solicitors.

Are there any other lines of action?

It seems that your cause of action lies in defamation only; and it is correct that legal aid is not available for such a claim. You might intimate a claim to the newspaper concerned and possibly settle with it for a sum which might enable you to pursue the author of the spurious letter.

Holiday lettings

I am considering investing in a second home and have two or three coastal properties in mind. I would expect to let it out to tenants to cover annual expenses and make a small income.

I have discussed the matter with an agent who specialises in managing properties. He assures me that there is no problem in regaining possession of a fully furnished property at the end of the term of the lease, providing that it is either let on a holiday two week basis or that it is let on a 6-month basis to an employee of a reputable company.

We agree that the holiday lettings will present no problem provided the tenants are not allowed to renew and are not known to be not on holiday. The company lettings are not quite so safe, as instances can arise where such a letting is really a letting to an individual director of the company and could confer security of tenure.

Painting a balcony

I live in an owner-occupied block of flats maintained by managing agents, who levy service charges. Their obligations under the lease state they must paint external parts, etc. I have an open balcony with outside drain pipe, which extends beyond the building line. Previous managing agents have always included my open balcony in redecorations. These managing agents inform me that balcony is interpreted by them as internal and I must be responsible for the decoration. My lease does not define one way or the other. Can you please advise on this matter?

If the balcony is included in the parts which are demised to you there does seem to be a strong case for claiming that its redecoration is your responsibility. You may, however, be able to require the lessor to redecorate the exterior face of the balcony.

UK tax exemption

I am a UK citizen permanently resident in the U.S. and accepted as non-resident in the UK by the Inland Revenue.

I shall be entitled to a pension in sterling from January 1 1986 from my lifetime UK employers, and am told that they will have to deduct UK tax at source, and that I should seek a code number from the Inland Revenue to maximise deductions and reduce this tax as far as possible. Although I believe this U.K. tax will be deductible from my U.S. tax liability, is there any provision in the UK/U.S. Tax Treaty to permit this pension to be paid without UK tax deductions?

I do pay a small amount of UK tax now on rental and investment income which is dealt with annually by my UK tax return preparers with the Inland Revenue.

Yes, your pension will be exempt from UK tax, by virtue of article 18 (1) of the U.S.-UK tax treaty. The necessary claim forms (U.S.-Individual) are obtainable from the Office of International Operations, Internal Revenue Service, 1325K Street NW, Washington, DC 20225.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Capital in a house

I would be very grateful for your advice about the capital tied up in the house owned jointly by my husband and myself. Our mortgage is £25,000 and its saleable value is now £60,000. Is there any way we can make some income from the "hidden" £35,000? My husband is threatening to sell the house to buy two, one in reasonable condition to live in and the other to improve himself and then resell or rent. This seems to be rather a drastic solution!—or is it in fact a reasonable scheme to consider?

If the house is too large for you, you may well be happy to move to a smaller one. If the surplus sale proceeds were used to buy a dilapidated property and do it up, the profit upon selling that property would probably be assessed to income tax.

Since you will presumably be using the services of a solicitor in any sale, etc., it makes sense to talk things over with him or her now. There is really no adequate substitute for a face-to-face discussion of financial matters like this.

Compound negligence

My father's estate was finally settled and the final solicitor's bill paid in July 1979. In January 1985 we were informed that our Executors' Deposit Account, which we had assumed was closed, contained almost £45,000. The firm of solicitors involved (the solicitor who dealt with the case died in 1983) very slowly set about dividing the money among the three beneficiaries. An irate letter was sent pointing out that compensation would be required on this money, especially for one beneficiary who lives in the U.S. The firm then did a complete about-turn, discovered in the Estate Accounts was a sum of money set aside for settlement of Capital Gains Tax and further accountant's fees, and said it was this sum of money which had been set aside in the Executors Deposit Account. The Tax Inspector has now invited the two UK beneficiaries to make a voluntary contribution of £500 each. Apparently it would be wise to pay, according to our solicitor's accountants, otherwise the Tax Inspector may take the case before the Commissioners to establish his right to assess the gains—considerably more than £1,000—out of the usual time limit and also charge interest and penalties. The bank holding the Executors Deposit Account state their records show bank statements were sent regularly to the auditors. Also the Inland Revenue started queries about Capital Gains Tax in 1978 but then apparently made no demand. I have been told that the firm of solicitors are responsible for all debts after the final bill has been paid. They are insured for this. Also that the Executors Deposit Account money is ours. Is this so? Should we accept the Tax Inspector's invitation?

Tell the estate solicitors that you hold them liable in damages for compounded negligence, and that consequently they must forthwith either settle the tax inspector's demands out of their own pocket (their ability to claim reimbursement from their insurers not being a point which concerns you) or submit to the Law Society's complaints procedure.

Capital gain gift

I have three children 20, 17 and 16 years. I intend to give to them a plot of building land, as each reaches the age of 21. Due to shares, I use up my capital gains allowance of £5,800 each year.

Am I able to give my children the land using CTT without cutting down my capital gains allowance?

It is possible to make a gift such as you envisage on the footing that you bear any capital gain involved, i.e., after you have used your allowance for the year on share dealing. You would be wise to consult a solicitor.

· PROPERTY ·

The 56 ways to buy Barratt

ARCHITECTURAL historians will no doubt decry the mock-Tudor effects: leaded lights, dormer windows and dinky porches. Nevertheless, the 18 houses in the middle of the field at Kingsmere Meadow, Bracknell, are an imposing sight.

There are roses round the doors, neat manicured front lawns and trim white clapboard fencing.

They are part of Barratt's £3m-worth of show villages, in Berkshire, Birmingham, Manchester and Glasgow, encompassing a remarkable 56 house types.

The "village" of the annual Ideal Home Exhibition pales into insignificance compared with this operation, which provides a huge shop window for Britain's biggest builder seeking to rebuild its image after a difficult year.

Most of the designs have solid sounding British names such as Richmond (a fun house with a gallery bedroom), Grafton, a three-bedder with a spiral staircase, and Howard, a slim-fronted bungalow.

The Montrose is a classy little terrace house with two bedrooms and "two en-suites" (builder's jargon for bathrooms), as well as a downstairs cloakroom. Stylish exterior touches are an arch of narrow red bricks around the ground floor windows, and a range of stone corbels under the eaves. You can buy the on-site version for about £55,000, much less in the north.

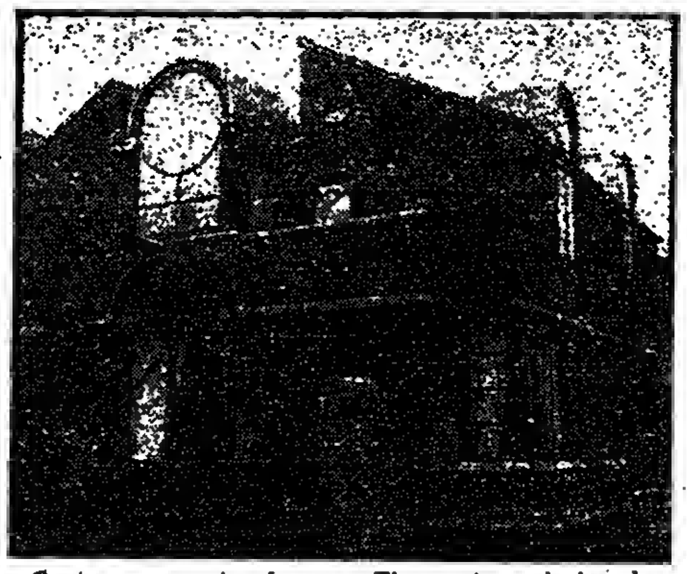
In the £125,000-plus range on show in Manchester, you get extras such as a swimming pool, sauna, two-car garage fitted with power points, workbench and electrically-operated doors, plus turfed gardens with a barbecue on the terrace.

Bonus of the bungalows is that they are convenient for disabled people to live in or visit. Wider doorways and more spacious passageways than usual will now be standard on all Barratt bungalows, which will particularly benefit parents with prams, people who have large furniture as well as those who use wheelchairs.

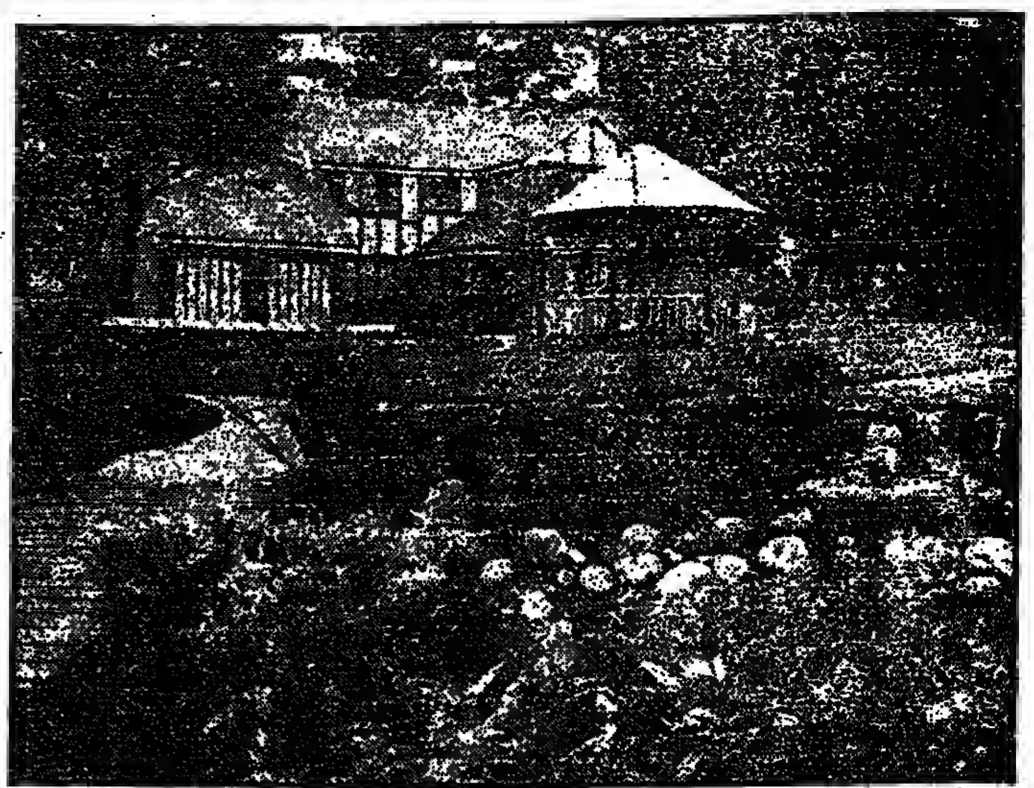
Disabled people who want the company to build a home fully conforming to mobility housing standards, with re-positioned light switches and sockets, access ramps and specially-adapted bathrooms, can have one. There will be no extra cost, assures Sir Lawrie Barratt, who is undertaking these design modifications in accordance with the wishes of the Prince of Wales' Advisory Group on Disability.

The villages are being promoted by Barratt as a great day out for the family. "Even if you are not house-hunting it is a chance to see the very best in house design," says Michael Norton, marketing director, at the company's headquarters in Newcastle upon Tyne.

Opening times are 11-7 pm every day, and in Birmingham look for Marchemount off the A453; in Manchester, Rowan Heights off the A34; and in Glasgow, Priesthill Road off the A726.



Contemporary touch . . . Firecrest, a design by architects Bickerdike Allen on show in Birchwood Drive, London NW3. Priced from £375,000



The Fielding, a £125,000 five-bedroom Barratt house with swimming pool that can be seen at the show village near Manchester

Showhouses are rapidly becoming a major marketing asset, increasingly better presented while the old way of doing things—putting one together with odds and ends of furniture borrowed from a local store, with curtains stapled instead of hemmed, and rooms bare of homely touches such as pots and pans—is now much less acceptable.

Most builders now recognise the value of professionally undertaken decoration. A well-furnished interior, whether high-tech or traditional antique, can inspire less imaginative buyers and make them aware of just what can be done with the most ordinary-looking room.

As one salesman commented: "Glossy brochures may initially stir consumers' interest, but it is seeing how everything fits together—often the showplace itself—that finally tempts someone to buy, which recoups the costs."

Gerald Moran of Oscar Woollens, responsible for several dramatic interiors in Hampstead, believes the right atmosphere puts people in the mood to buy houses. "Fashionable colours and materials, paintings and background music all help to create a harmonious, relaxing environment."

The idea is to sell a lifestyle along with the bricks and mortar. Miller Homes at Finchhampstead, Berkshire have gone a step further by installing David and Margo Ewart as full-time "livers-in." Their job is to try out the kitchen equipment, watch television, and have friends in. Marketing director Leo Lennox reports the sale of eight houses during their first weekend on site.

"Householders need to have an appreciation of space and how it relates to furniture sizes and proportions, says Michael Lynn, chairman of Marren International, home design specialists to the private sector housebuilders. Their work includes the challenge of furnishing studio units such as Wimpey's Super Single and Laing's Elite.

In America, in California in particular, interior decorators work closely with the builders and their architects at a much earlier stage than in Britain. An actual furnished "model home" often shows up any design faults —for example, double bedrooms that will not take two single beds, and fitted cupboards that cannot be opened without scraping an essential piece of furniture.

In the UK, fitting built-in cookers too near to doors is a prevailing fault in small kitchens; and towel rails are sometimes so small they will not accommodate a bath sheet. And whatever happened to the heated towel rail connected to the domestic hot water system and not the central heating unit which is switched off in the summer?

The kerb appeal of a development is still important. Luxury apartments approached through builders' rubble and a proliferation of builders' boards when construction work is supposedly finished do not create the right impression. Landscaping is vital too, with regular attention to plants and lawns.

Developers will often spend thousands of pounds equipping kitchens and bathrooms, and then leave rubbish in the "garden" and mounds of earth outside the front door. A tidy garden, sparkling clean windows and floors all help to create the atmosphere of a dream home, ready to move into.

ON VIEW:

● **Katie Lyons' showflat for Jarvis Brothers and Brewster at Broadmark Beach, Rustington, West Sussex, is in cool shades of apple green and biscuit coupled with Oriental-style furnishings. From £70,000, open Monday to Friday 10.30-3.30, weekends 11-4.**

● **Denise Degermark's showhouse for Radmark Properties at Kings Rising, Basingstoke, Hampshire, concentrates on a bright, sunny yellow and white country scheme. From £68,500 open every day 12-5 except Tuesday.**

● **Yvonne Chapman's show bungalow for Lovell Homes at New Farm Lane, overlooking Northwood Golf Course, Middlesex, is classic English style in blues and pinks. Around £150,000, view weekends by appointment 09274 23387.**

● **Sally Spenre's scheme for Octagon's £½m-house at Broomfields, Esher Park Avenue, Esher, Surrey, includes antiques. Open 11-5 every day.**

June Field

·TRAVEL·

Arthur Sandles recommends the varied attractions of these sun-drenched islands

The captivating Caribbean in all colours

Barbados' rocky and spectacular east coast, a complete contrast to the island's gentle western shores

WITH THE pound apparently regaining some of its strength, this could be the winter when English accents once more dominate the groves of Ocho Rios and the cafes of Curacao.

Certainly, there already is a considerable surge in the number of British bookings for the Caribbean for the coming months; and if you want a particular hotel at a particular time, it is worth making an inquiry soon.

Fares this winter range upwards from £369 return to Nassau (which, for the purposes of this article, is being moved into the Caribbean) and £455 to Trinidad, for which you need to book at least 21 days ahead. The fewer restrictions you have on your ticket, or the higher class, the more you will pay. Airlines that will tell you more include British Airways, BWIA and Eastern, which is keen to promote its Caribbean routes via Miami.

I could ramble on for some time about the attractions of the Caribbean—the breezes that help to keep temperatures down to the tolerable low 80s, the generally superb beaches and the clear sea. But probably the most useful tip is a reminder that there are considerable differences in mood and physical appearance in the islands.

So here is my instant, (admittedly superficial) guide to the area, sweeping in an arc geographically rather than alphabetically.

Cancun/Cozumel: An immediate breaking of the rules, since these are Mexican resorts. Modern and set on the Caribbean tip of the Yucatan peninsula. A strong American influence, but Mexico shines through. Ideal if you like U.S. comforts and tequila. From Cancun, Indian archeological sites are accessible. Cozumel is an island resort.

Cuba: Fascinating, but strictly for those who seek little more from their holiday beyond sand, sun, rum and some sociological studies. Cheaper than most of the competition. The residents are helpful and friendly, the Russian and East German tourists less so. Hemingway's Cuban period is much capitalised-upon.

Cayman Islands: A treasure house for the underwater explorer. Still a crown colony and a little prim and well ordered for some tastes. Beautiful beaches and very high on the Caribbean list for personal safety. If you like Bermuda in the summer, you'll like the Cayman Islands in the winter.

The Bahamas: So many islands that it is difficult to encapsulate them. Avoid Grand Bahama unless you like sharing your holidays with the American equivalent of the Benidorm crowd. Try Harbour Island, my own favourite, or Cat Island, which many think is the prettiest.

Jamaica: Big, beautiful, sometimes brash, Jamaica is the one British island with its own real identity. Admittedly, there is a violent undertone, particularly around Kingston, but there is a huge amount to do and see. I would head for the Plantation Inn at Ocho Rios, or Trident Villas at Port Antonio.

Turks and Caicos: Eight large islands and a myriad of cays in an area just north of Haiti. Quiet little places, ideal for a retreat. That old British colonial feeling still pervades much of life. Take good books and lots of suntan cream.

Haiti: An all-dancing, all-singing, cosmopolitan hotspot with strange cultural and political attitudes best admired, or criticised, from afar. Enjoy the colour, the shopping, the superb scenery, the wonderful (if you like Creole cooking) food. Not for the sleepy or the socially conscious.

Puerto Rico: West Side Story in its original setting. Old San Juan is worth a visit, but the new tourist area is not really ideal for European tastes. Lots of high rise hotels and package tour Americans. Inland is more pleasant and there are some very pretty mountain areas, but getting around is an effort.

The U.S. Virgins: St. Thomas has one of the most beautiful harbours in the world and fun shopping if you can get out and about before the cruise ships arrive. St. Croix has the swimming and the space. St. John is the quietest and perhaps the nicest.

British Virgins: Sleepy, and a mecca for the yacht set. Tortola is the place if you enjoy the soft, relaxed life of the old Caribbean. Peter Island houses a de luxe resort operation where familiar faces can retreat knowing they will not be bothered by autograph hunters.

Anguilla: A tiny island that is beginning to shed its title of being "undiscovered." Still a quiet place, but there is something of a building boom. Rent a cottage, eat lots of lobster, enjoy superb beaches and take the occasional trips to the glitter of nearby St. Martin.

St. Martin: A bit of Dutch and a bit of French; thus, a wonderful mix of 19th century colonialism and French cuisine. A bit busy for some tastes, but just that extra touch of colour that others demand.

Saba/St. Estatius: Two Dutch islands that have long been off the beaten track. Saba is minute, a volcanic outcrop with no beaches and lots of green scenery. Statia, as it is known to intimates, has just about entered the 20th century and is enthusiastically setting about being the diving centre for this part of the ocean.

St. Kitts and Nevis: St. Kitts is very British and proud of it, although the arrival of the casino has somewhat changed the mood. Nearby Nevis is more my cup of tea; pleasant plantations for a relaxing time in the winter sun.

St. Barthelemy: Olde worlde French, a bit like Brittany with a bit more sunshine (indeed, the natives speak a form of Breton). Good scenery and the sort of cove-ridden coastline that manages to disguise the presence of some quite good hotels and excellent restaurants.

Antigua: Quite big with all the development around the coastal fringe and an oasis of rural scenery in the middle. Some impressive resort operations—the St. James' Club's Caribbean operation is here—and a wonderfully restored old town at English Harbour.

Montserrat: A rugged mountain range runs down the middle of an island that has strong Irish associations. Not one of the Caribbean's tourist magnets, and all the better for that; there is enough to do and it has a pleasant charm.

Guadeloupe and Martinique: The two big French islands, complete with slumbering volcanoes and lots of Creole culture. Guadeloupe is not the prettiest in the Caribbean but inland Martinique is well worth seeing, particularly in the summer months.

Dominica: An island of mountains, waterfalls, banana plantations and little hotels. Definitely the place in the islands if you enjoy long walks in tropical forests.

St. Lucia: More mountains, but also more package tourists. A very popular stepping-off point for the British and a favourite port of call for cruise ships. Plenty to do and see but geared to the visitor.

Barbados: The most popular island for the British, with a wide range of hotels (often, it seems, aimed particularly at us). Very high standards and charming people.

St. Vincent and the Grenadines: St. Vincent itself has a pleasant enough little main town but the interior is a bit too rugged and not particularly accessible. The islands are a superb assortment of ritzy and cosy centres. Young Island is the easiest to reach—you can swim to it. Petit St. Vincent is plush; Mostique is elitist; Bequia is fine if you have a yacht.

Grenada: Thickly forested spice island. Perhaps the friendliest people in the Caribbean. Relatively quiet with steep hills, pretty houses and colourful markets.

Trinidad and Tobago: See Trinidad by all means, but stay in Tobago. The country is unusual for the area in not counting tourism as one of its major industries but, partly thanks to the declining value of oil, the Government hopes to change all that. Man o'War Bay in Tobago is a natural harbour to conjure up memories of the Caribbean's turbulent past.

The Netherland Antilles (Curacao, Aruba and Bonaire). Bonaire for beaches, flamingoes and scuba diving (let the experts argue the rival claims of Cayman and Bonaire); Aruba for a strangely un-Caribbean terrain and a surprising range of good hotels; Curacao for an island that is as typically Dutch as Martinique and Barbados so obviously bear the marks of their colonial pasts.

FURTHER INFORMATION: Caribbean Tourist Association in Europe is based at Gutleutstrasse 45/VI, Frankfurt/Maine D 6000, West Germany. In London, write c/o Pact, 161 Fulham Road, London SW3 6SN. Contact the various government tourist agencies. Tour operators with extensive programmes to the Caribbean include, Caribbean Connection, Speedbird, Wings, Kuoni, Tradewinds and Caribtours.

A new look for classy estates

FOR YEARS, Volvo has ridden roughshod over the competition in the large estate car class with its bluff-fronted, boxy-backed 245. Beloved by antique dealers and the green welly set alike, it is extremely roomy, reliable, enduring and commands a good secondhand value.

With the new and long-awaited 740 and 760 estates, Volvo confidently expects to consolidate its grip. It reckons that two-thirds of the 15,000 estates it will sell in Britain next year will be the new models.

Volvo usually gets its marketing sums right. It must believe that the old 245 has been going for so long with only minor changes that many owners are dying to make a move to a car that retains all the old virtues but has a new look.

The new 740 and 760 would never be confused with a 245 from the front and the rear aspect is less severe. But, new elegance apart, the new cars are not all that much different. The engines—2.3 litre 4-cylinder, with or without turbocharger, and a V6—are carried over, as are the 4-speed manual and 3-speed automatic transmissions, both with overdrive.

The coil sprung, non-independent rear axle is also retained on the 740 and 760. This tried and trusted layout is fine on good surfaces and also avoids control problems on icy roads. The new 760 estate I tried a couple of weeks ago in France was a marvellous autoroute cruiser, able to hold 100 mph in tranquillity. So, come to that, was the 1986 model 245 estate—only a Volvo owner would be able to tell it from, say, a 1984 model.

But the ride quality of the 245 was indifferent once off the autoroute. When I pressed it hard on deserted French byways, it rode at times with an unpleasant turbulence. I thought the 760 Turbo I tried later not much better.

Realistically, those who buy large estate cars and load them to the eaves with children, dogs, Chippendale cabinets and bags of horse nuts will probably slow down on corners and not reckon to drive round them like bank raiders pursued by the Sweeney. An owner of a current 245 will consider the 740/760 estates a bit more comfortable all round. Users of other large estates such as the Peugeot 505, Citroen Safari or Mercedes-Benz T-cars would, I suspect, be less impressed.

Volvo Concessionaires sees the 740 and, especially, the 760 estate as likely to appeal to buyers who want the carrying capacity and general utility of the 245 with a change of styling and a lot more luxury—at a price. The 760 estates are much more expensive than their 240-based counterparts.

A 740 GL estate, for example, costs £10,800 compared with £9,704 for the 240 GL. The 760 GLE estate is £16,400 against the old 260 GLE estate, still listed at £12,983. A 2.3 litre, 4-cylinder 760 Turbo estate with automatic transmission is within a few pence of £17,500. That is a lot of money, even if it does include an electrically-adjustable driving seat, powered sunroof and self-levelling rear suspension.

The Volvo models are on sale is now offered with a new 1.7 litre engine, jointly developed by Volvo and Renault, in addition to the 1.4 litre Renault engine and Volvo's own 2-litre. I tried a 1.7 litre-engined saloon and liked its liveliness and good handling coupled with a feeling of solidity and a firmly shock-absorbent ride. Prices of the 340 cars, bought almost entirely by private as opposed to business users in Britain, start at £5,394.

The Volvo models are on sale now. Buyers will have to wait until November 1 for the new Seat range which will, however, be on show at Motorfair at Earls Court from October 17 to 27.

Seat, which used to make Fiat cars under licence, has created its own range with the help of Porsche (engine and gearbox) and both Ital Design and Karmann have had a hand in styling and body engineering. I drove the 1.2 litre Ibiza hatchback last week and was most impressed with its performance, refinement and value. At £3,995 for the basic Ibiza 1.2L to £5,600 for the top specification 1.5GLX, they match major makers like Ford or Vauxhall (Opel) in quality but considerably undercut them in price.

The 1.2 litre GL I drove has tinted glass and a digital stereo/radio cassette player, all for £4,500. The 5-speed gearbox was easy to use; the engine pulled hard in fifth at 30 mph or spun up to 90 mph in fourth, with just over 100 mph indicated in fifth without roughness or protest. It was unusually quiet, with no more than a contented hum at 70 mph on the motorway and a lack of wind noise reflecting good body design and accurate assembly.

The suspension is all-independent and the longer than normal wheelbase helps to give a ride almost free from pitching. Rack and pinion steering is exceptionally smooth and precise and low geared enough to make parking easy.

Being long in the leg, I would have liked the driving seat to have gone farther back so that my ankle did not have to be bent acutely on the accelerator. And the steering wheel rim obscured the radiator temperature gauge. Head and shoulder room was more than adequate and the minor controls, which must have been inspired by Citroen's ideas, were straightforward in use after a few moments' study.

Not many Seat Ibiza three-door hatchbacks and Malaga five-door hatchbacks and saloons will reach Britain this year—perhaps 1,000 in all. But I predict considerable success for these Spanish cars among private buyers who have to watch costs but fight shy of buying used cars and who demand something better than a new East European product. Seats are completely up to date in technology and styling, with cross-mounted engines and front-wheel drive.

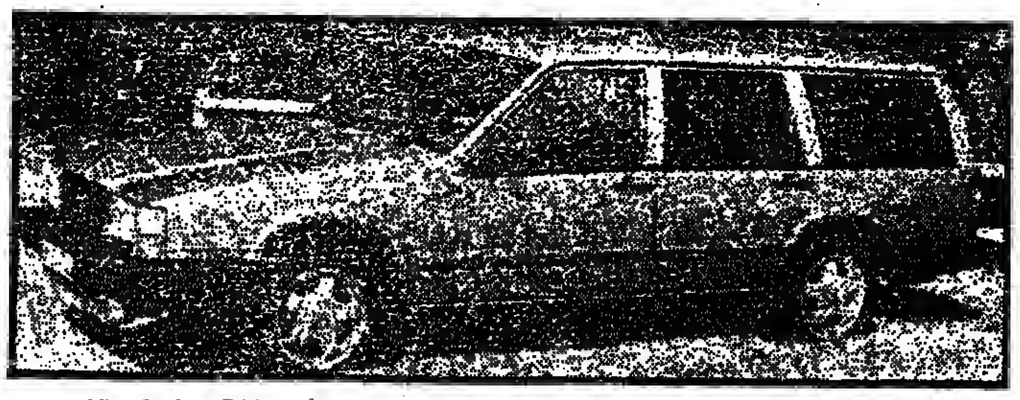
The Isuzu Piazza sounds Italian but is made in Japan. When I saw one in Tokyo a few weeks ago I crossed the road outside the Imperial Hotel—no task to be lightly undertaken in rush hour—to get a better look. Dark windowed and black-painted, it was one of the most beautiful things I had seen on wheels.

I thought it might have been a special-bodied VW Scirocco. It was in fact designed by Ital Design's Giorgetto Giugiaro, who is to cars what Yves St Laurent is to women's clothes and who styled the original Scirocco.

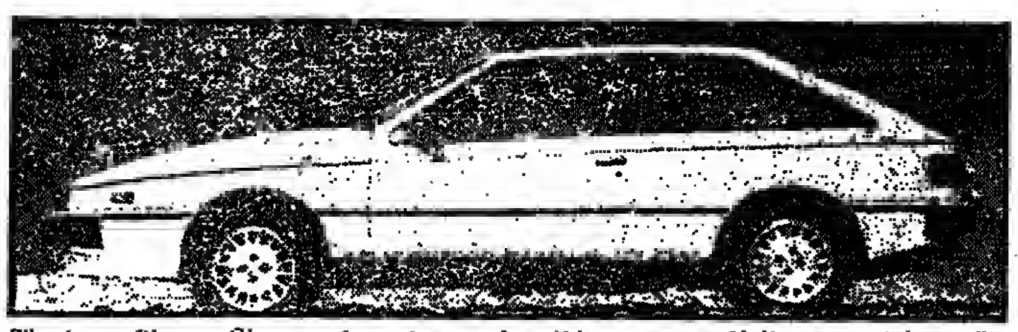
The current Scirocco was restyled in-house by Volkswagen. Looking at the Isuzu Piazza, you can tell at a glance what the Scirocco would have looked like had Giugiaro reworked it himself.

Under the gorgeous body is a 2-litre turbocharged four-cylinder engine driving the rear wheels through a 5-speed gearbox and limited slip differential. Top speed is said to be 130 mph and the price when it goes on sale early in 1986 will be £11,950. You can see this car, too, at Motorfair.

Stuart Marshall



The Volvo 740 and 760 estate cars look sleeker but are surprisingly similar to the old ones



The Isuzu Piazza. Glamour from Japan—but did anyone say Volkswagen Scirocco?

Seat's Ibiza hatchback from Spain. Not to be underrated for performance or value for money

CHESS

THE outcome of the world title match was left even more finely balanced this week when Kasparov levelled at 6-6. This left Karpov effectively one ahead since he keeps his title in the event of a tied series.

But Kasparov's tactically orientated style continually puts the champion under the nagging pressure of having to calculate precisely, and means that Karpov's dubious stamina may be severely tested in the final games.

Technically and creatively, the play of both grandmasters is far more positive than in their their aborted and stagnated match a year ago. Karpov's strategic and centralised approach balances and counterpoints Kasparov's imagination, so that even their draws are keenly fought.

White: G. Kasparov. Black: A. Karpov. Nimzo-Indian Defence (7th game).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-QB3, B-N5; 4 N-B3, 0-0; 5 B-N5, P-Q3.

5 . . . P-B4 is a more active counter but carries greater risk of running into prepared analysis. After his drastic defeat in game one, Karpov has adopted a more cautious stance in the early stages.

6 P-K3, QN-Q2; 7 Q-B2, P-QN3; 8 B-Q3, BxN ch; 9 PxB.

Instead, 9 QxB avoids doubled pawns, but White wants to force a weakening of Black's castled position and to maintain control of his K4.

9 . . . P-KR3; 10 B-R4, B-N2; 11 N-Q2, P-KN4.

Karpov thought for half an hour before rejecting BxP. It is surprising he considered it seriously, for 12 R-KN1, B-N2; 13 0-0-0 would give White all the play.

12 B-N3, N-R4; 13 Q-Q1! N-N2.

Mobilising for king defence, but 13 . . . NxB; 14 RPxN, K-N2; 15 Q-R5, R-R1; 16 P-K4, N-B3; 17 Q-K2, P-K4 is preferable. In the next few moves, Kasparov's attack gains momentum.

14 P-KR4, P-KB4; 15 PxP, PxP; 16 P-B3, Q-K2; 17 Q-N3, K-B2; 18 0-0-0, R-R1; 19 P-B5! QPxP; 20 N-B4, PxP; 21 BPxP, P-B5; 22 B-B2?

Karpov was down to only 22 minutes for 18 moves, and the challenger misses his best chance: 22 PxP, N-R4; 23 RxN, RxR; 24 P-B5, B-Q4; 25 R-K1, R-R3; 26 B-K4 with great pressure.

22 . . . N-R4; 23 B-B2, PxP; 24 BxP, B-Q4; 25 Q-Q3, QR-KN1; 26 N-K5 ch, NxN; 27 PxN, N-B5?

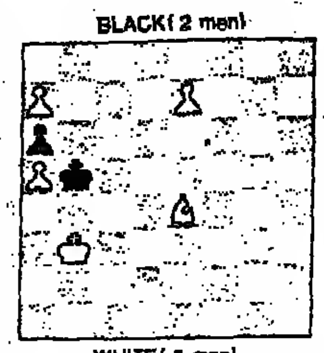
Now Karpov overlooks the stronger 27 . . . P-B4! 28 P-N4 or R-R3, P-B5! followed by N-B5 or N-N6 when the Q-side offensive along with the extra pawn should win.

28 BxN, PxB; 29 RxR, RxR; 30 Q-N6 ch, K-B1; 31 RxB, drawn.

A curious perpetual check: after 31 . . . PxR; 32 Q-B5 ch the black king has nowhere safe to hide.

PROBLEM No. 588

BLACK (2 men)



WHITE (5 men)

White mates in three moves, against any defence (by W. A. Shinkman). Both White's pawns are about to promote, and this creates a dilemma for solvers: which pawn, and to which piece?

Leonard Barden

BRIDGE

IN MY first example hand from rubber bridge, we see that two wrongs can make a right:

	N	
	♠ K 7 4	
	♡ 5 4	
	◇ J 10 9 7 5	
	♣ 9 8 4	
W		E
♠ 6 5 2		♠ A 9 8
♡ Q J 10 9		♡ 8 7 3 2
◇ A 6 2		◇ 8 3
♣ K 7 6		♣ 10 5 3 2
	S	
	♠ Q J 10 3	
	♡ A K 6	
	◇ K Q 4	
	♣ A Q J	

East dealt at love-all and passed, South bid two no trumps, and North raised to three.

West led the heart Queen, which was allowed to win, East playing the seven, and the Knave was taken by the King, East completing the peter. Declarer cashed King and Queen of diamonds, East following with eight and three, and exited with his third diamond. This was taken by West, who led another heart to the Ace. South now cashed Queen and Knave of spades, and a third spade lost to the Ace. East, faithful unto death — and he came close to it — returned his last heart, on which South threw the club Knave. West made a heart, but then had to lead back a club, allowing the declarer to make two clubs and the spade ten. East should, of course, have returned a club and defeated the contract.

East was not the only sinner — South also played badly. When hearts are found to be 4-4, the contract is cold, but the declarer completely mistimed the play of the diamonds.

After cashing his two top honours in the suit — East's peter has marked West with the Ace — he should have played Queen, Knave, and another spade. East wins and returns a heart to the Ace. South cashes his 10 of spades, and now exits with the four of diamonds. This ensures his contract by endplaying West, and saves East from the shame of doing it.

In this hand, there was only one wrong:

	N	
	♠ A	
	♡ 10 7 5 4	
	◇ J 8 7 6 4 2	
	♣ A J	
W		E
♠ K Q J 7 4		♠ 9 8 2
♡ K J 6 2		♡ 8 3
◇ —		◇ K 3
♣ Q 10 6 3		♣ K 9 8 5 4 2
	S	
	♠ 10 6 5 3	
	♡ A Q 9	
	◇ A Q 10 9 5	
	♣ 7	

With both sides vulnerable, South dealt and bid one diamond, West doubled, and North's raise to five diamonds concluded the auction.

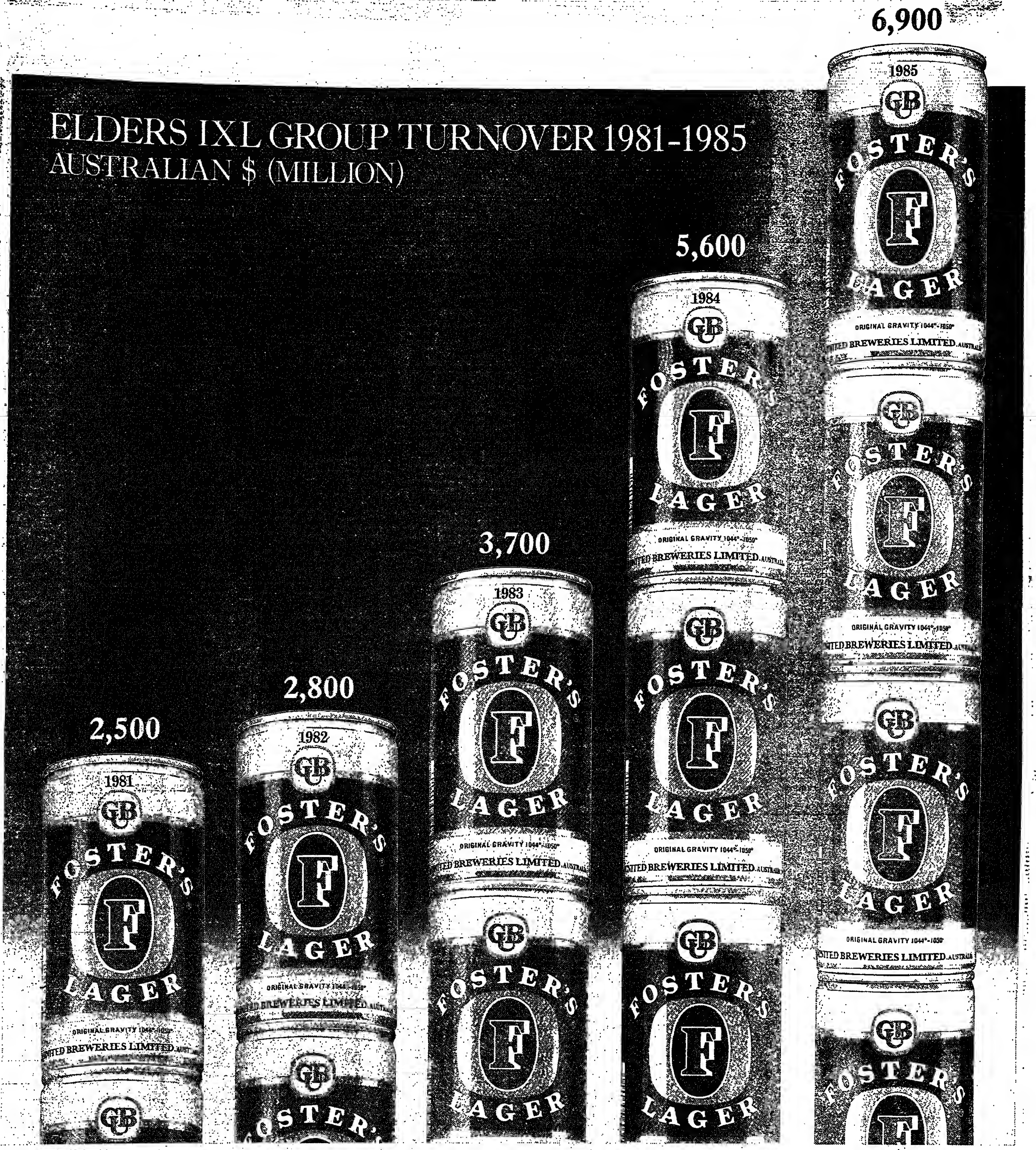
West's spade King lost to the Ace, the club Ace was cashed, and the Knave was ruffed in hand. South now ruffed a spade on the table, and returned a diamond to his Ace, West showing out. After ruffing another spade in dummy, he returned a diamond to the King. East switched to the eight of hearts, and the Queen lost to the King. West led the spade Queen, ruffed in dummy, and the finesse of the heart nine was tried without success — one down.

At trick four, instead of returning a diamond from the table to his Ace, South should have finessed his Queen. If it wins, as it does, declarer ruffs another spade, returns a diamond to his Ace and ruffs his last spade, completing the elimination. The heart four is led and the nine finessed. West wins with the Knave and is endplayed. South makes 12 tricks.

Suppose the diamond Queen loses, you say. That is no problem — the trumps have broken. The forced spade return enables declarer to eliminate that suit as before, and finesse the heart nine to score 11 tricks.

Chess solution page XVII

E. P. C. Cotter



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Net profit after tax is up by 50%. Dividends are up by 41%. Earnings per share are up by 40%. As you'd expect Australia's most famous export, the amber nectar, produced its fair share of those profits.

But so did all our other activities – all with increased profits. Like the wool broking, livestock sales, rural financing and other activities of Elders Pastoral Group. Like Elders Finance Group with its comprehensive range of banking services. Like Elders International, our worldwide trading operation.

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Elders IXL

THE AUSTRALIAN FOR LARGER

Starting from scratch: ballooning

Riding high on hot air

MONTGOLFIER'S first passenger-carrying balloon landed in a heap in Paris 202 years ago, after a ceremonial launch on puffs of hot air. Two criminals were suggested originally as the first human fliers: it was thought they would be no great loss if the balloon crashed. But the honour finally went to two noblemen.

Landing in a heap still is one of the unlikely joys of hot air ballooning. The uncertainty of where, when and how the balloon will land contrasts with the actual flight and its steady movement, the balloon at one with the air.

I found this out at the end of a first flight under the command of Don Cameron, one of the experts of British hot air ballooning and the founder of one of Britain's few successful hot air balloon manufacturing companies. The occasion was a symposium for raw aeronauts at Evercreech, Somerset.

No ordinary verb is appropriate to describe what happens after the balloon has lifted from the ground. You simply drift over England's green pastures, at peace except for dogs barking in your shadow and the roar of the burner above your ear.

The balloon is in the hands of the breeze and, once airborne, most control is with the elements: hence the crucial need for pre-flight planning and a detailed knowledge of meteorology, air traffic lanes and airmanship. These subjects, and others, all are compulsory parts of the training and examinations that lead to a Civil Aviation Authority licence to pilot hot air balloons.

It took us eight minutes to rig the three-person basket after we unloaded it and the balloon from a van. The basket, small and fragile like an overgrown picnic hamper, has a gas cylinder at each corner. Built of traditional wicker with curved ends, it is padded for bumpy landings.

The envelope is made of nylon and stretches 25 metres when laid flat on the ground. Twelve wires hold it to a steel frame on top of the basket. Together, balloon, air and basket weigh around two tonnes.

A so-called "parachute" — looking rather like a skull cap — is fixed inside the hole at the top of the uninflated balloon. A rope from the parachute — called the crown rope — is the only way to control descent; hauling on it allows hot air to be vented.

As the balloon inflates, it becomes a magical sight — a combination of shocking pink, black and sky-blue, emerald-green and crimson, yellow and orange — all on top of the burner with its 30 ft flame.

Cameron told me to pull on the crown rope to stop the balloon rising — but added: "If your feet leave the ground, let go the rope instantly." When I finally climbed into the basket, ducking to avoid the burner's fierce heat, I did not realise when we actually became airborne, so imperceptible is the transition from being heavier than air to lighter. There was no sensation of rising — this is a very gentle sport. We moved sideways and headed towards a tall tree. "Stick out your hand and you might catch a pine cone," Cameron joked.

Once above the tree line, I caught my breath as the scenery unfolded beneath my feet. The countryside was bathed in early evening mist. There was not much movement below, just the occasional farmer, waving (or gesticulating) at us. One myth was soon dispelled: ballooning is not silent. A quick burn of gas is needed every so often to replace hot air lost from the mouth of the balloon (although the roar can be kept to a minimum with a "whisper" burner — useful when ballooning over farms to avoid frightening animals).

Balloonists carry maps, dotted with luminous orange and yellow circles to denote "no-go" areas such as television masts, pylons and unfriendly farms. And when avoiding action is needed there are techniques for changing direction even in an unguided hot air balloon. This is where the skill comes in, as the pilot seeks to take advantage of different air masses and wind speeds.

As we moved along, Cameron gave a long blast on the burner. Nothing happened for a while: the combined weight of crew and balloon makes it want to stay still. But finally we rose through the mist into bright, warm sunlight, our two companion balloons outlined against the setting sun. Over Shepton Mallet, the dogs duly barked and children waved — but a man in the middle of his swimming pool did not look amused as we drifted over his back garden. "Nice evening," we shouted, to no reply.

At least we had found where we were. Cameron pulled on the parachute cord to release hot air; then we descended towards a mist-shrouded valley, and the village of Croscombe. We landed with a pronounced bump and the basket started to heel over. Suddenly, we took off again briefly and landed with a second bump some yards up the field. This was not intended — a request to those on the ground to hold us down had been misunderstood.

When this had been remedied — seemingly with half the villagers hanging on to the basket — Cameron kept the burner alight and the envelope inflated. This was to give our retrieval crew a bright visual target to aim for; they had followed us visually all the way from Evercreech. They knew the direction of the breeze and our general direction and had maps but no radio: Cameron prefers to go without such aids although the baskets carry altimeters.

The crew parked alongside the field. Cameron turned the burner off, the graceful bulbous shape sagged and settled among the cowpats, and we all helped to pull the envelope into a straight line. The colourful nylon was bundled unceremoniously into its bag. "Stuff it in," he said.

The basket was de-rigged and in 20 minutes it and the balloon were in the van. My ethereal experience of hot air ballooning was over. All that remained was to sip the champagne that is the traditional way novice balloonists celebrate.

Hugh Routledge

McLain and balloon . . . a gentle sport

Details

THERE are about 400 qualified hot air balloon pilots in the UK and eight examiners, who each check about half-a-dozen student pilots a year.

The British Balloon and Airship Club is at Kimberley House, Vaughan Way, Leicester LE1 4SG. It "encourages the art of practical ballooning," and can supply information on the requirements for a pilot's licence.

Two companies in the UK make hot air balloons: Cameron Balloons Ltd, St John's Street, Bedminster, Bristol BS3 4NH; and Thunder Balloons, 75 Leonard Street, London EC2A 4GS. Cameron's arranges symposia in the spring, summer and autumn to give interested people the chance to learn about and fly balloons.

Pilot training: a student must fly at least 12 hours with a qualified pilot and an examiner for initial familiarisation and for flights where he controls the burner. There also is a solo flight and examinations developed jointly by the British Balloon and Airship Club and the Civil Aviation Authority.

Lynton McLain

Collecting

The many roles of wallpaper

THE HISTORY of wallpaper making extends over at least four centuries. The earliest surviving paper was discovered in 1911 decorating the beams of the hall and dining-room in the Master's Lodge at Christ's College, Cambridge.

The paper had been printed on the backs of several documents of about 1509. It was almost certainly the work of Hugo Goes, a block cutter of Beverley, as the pomegranate pattern incorporated the Lombardic letter "H" and a rebus of his name, a goose.

Helpful for dating are the tax details. In 1712 a duty of 1d (increased later to 1½d), on every square yard, was imposed on paper "printed, painted or stained." The Excise Officer had to stamp each sheet.

The first successful wallpaper printing machine came into use about 1840. Walmsley Preston at Potters of Darwen, Lancs, converted a calico printing machine by using surface rollers with a raised pattern, as in block printing.

Wallpaper is an ephemeral thing, and we do well to prize the example that survive. The Victoria and Albert Museum showed their treasures in an exhibition earlier this year, Wallpaper: Four Centuries of Design. It complemented Jean Hamilton's Wallpaper book published by the museum.

Sanderson, set up by Arthur Sanderson (1829-1882) in 1860, has a little-known collection of 10,000 wallpaper and 6,000 textile documents. It covers the leading 19th and 20th century designers, Pugin, Morris, Owen Jones, Crane and Voysey.

Documenting their just finished 125th anniversary exhibition is a well-illustrated catalogue, £3.95 from archivist Christine Woods (at Sanderson, 52 Berners Street, London W1). It is a poignant record of a family firm swallowed up by various companies over the years.

A newly-opened exhibition in Manchester until December 21, is A Decorative Art: 19th Century Wallpapers in the Whitworth Art Gallery. Drawn from the collection given to them in 1967 by the Wall Paper Manufacturers, the exhibition, organised by Joanna Banham, represents some of the richest designs of the period, both machine and block printed.

There are Jeffrey and Company's "hygenic" papers of about 1885, completely free from the arsenic and lead contained in so many wallpaper pigments from the early 19th century on. Shown at the International Health Exhibition of 1884, it was noted of them that "we can gratify our artistic taste and at the same time may rest assured that we are not being slowly poisoned."

A pictorial paper showing people roller skating is said to have been produced around 1890 to celebrate the opening of the rink at the Olympia Hall, Kensington.

A roll of wallpaper reveals the gradual build-up of colours and motifs in William Morris's Chrysanthemum pattern. Each block carries a different colour and is applied to the ground only after the previous layer of pigment has been allowed to dry.

In America the collecting of old wallpaper for both its historic and design interest, has long been a grand passion; tiny, fragile scraps being as much revered as rare porcelain.

Old papers should never be rolled up, but kept flat so that they will not crack. Smallish fragments can be treated like drawings and mounted between acid-free sheets of card, and kept out of strong light to avoid fading.

Large panels of scenic wall-coverings occasionally turn up at auction or in art dealers' galleries. Otherwise it is a matter of looking out for layers of paper that may come to light when an old building is being redecorated or perhaps demolished.

June Field

Detail from Cupid and Psyche wall coverings (c1816) on show at the Whitworth Gallery, Manchester

Gardening

MORE THAN 300 companies attend the annual exhibition of the Institute of Groundsmanship at the Royal Windsor Racecourse. It provides an unrivalled opportunity to check on the development of equipment and materials for the making and maintenance of turf.

The exhibition is aimed mainly at the big users—public authorities, sports grounds and all the contractors concerned with this kind of work — but there is a place for even the tiniest machines, and it is surprising how many of them are there.

Last year I remember being especially impressed by the Midget Combi, a rake-scarifier which also accepts tools for lawn slitting, soil crumbling and cultivating. It is made by Kaaz of Japan, powered by the same 20 cc two-stroke engine used in the larger of the two Mitsubishi hedge trimmers. It was on show again this year with yet another attachment, a small cylinder mower which could be useful for cutting grass in narrow and awkward places; but I was even more interested to hear that a nylon cord trimmer will soon be available for this busy little machine. The head will be identical with that on my Kaaz brush cutter which I find invaluable for trimming edges and cutting close to walls, posts and other hard objects, and for clearing off weeds.

Brush cutters are free-swinging; one carries the whole weight on arms and shoulder strap. Fitting a trimmer with wheels makes the work lighter, but it does restrict the free movement of the boom-type machine.

Kaaz has introduced a new brush cutter, the V25, almost identical with the one I use except that it has a quickly detachable engine—very useful if one wants to carry the tool in the boot of a car.

Though the Midget Combi still seems to be the only small powered tool that will tackle several jobs, there are plenty designed for particular purposes. The Bob Andrew's Autotrims are wheeled nylon cord trimmers available in several different models from Minitrim with 33cc two-stroke Briggs and Stratton or Aspera engines, to a Heavy Duty machine with 4 hp two-stroke Aspera engine and a polypropene body.

Small powered machines for scarifying turf include the Bob Andrew's Lawn Doctor, alternatively powered by Tecumseh, Briggs and Stratton or Honda engines in that order of price; the Lawn Conditioner from the same source with a 1,500-watt electric motor getting its power by cable from the mains; and the Nickerson Turfmaster Powerake, a petrol-engine machine similar to the Lawn Doctor.

A bigger, more versatile machine with interchangeable work reels for scarifying, slitting and vertical mowing is the Bob Andrew's Bluebird. Though designed primarily for sports greens, it will appeal to lawn owners who want the best.

The most manoeuvrable grass cutter I have used is the three-wheeled Toro Tremower multi-cylinder machine with a single steering wheel at the back like a boats' tiller. One can virtually pirouette these machines, and they are very pleasant to drive. They used to be available in two models: one for professionals, another, smaller and cheaper, for the amateur market. I learnt at Windsor that this smaller machine has been phased out, but the 70 in. model remains. Prices are somewhat in excess of £3,000 according to the number of blades on the cylinders and the accessories such as grass catchers and rear rollers, required.

On the Westwood stand I found two new walk-behind grass cutters, Countax machines with petrol or diesel engines.

Great economy is claimed for diesel, including an hour's cutting on 1½ pints of fuel, and maintenace every 3,000 hours of use. The fuel tank holds two gallons. The engine is a 12 hp Lamberlini fitted with electric starter. This machine and its cheaper petrol-engine counterpart is available with either 36 in or 42 in cutting decks with twin counter rotating blades. An advantage of walk-behind machines is that they can be used more safely than ride-ons on steep banks.

This same diesel engine is used on one of the Westwood ride-on garden tractors, the T1200, which also has twin counter-rotating blades.

In all other respects it follows the well known Westwood lines. It is more expensive than petrol-engined models of similar size but it is still competitively priced at £1,750 including VAT.

The new all-white Crusader model is fitted with a close-linked sweeper power-driven by belt from the engine. This is also available for other machines in the Westwood range; the Crusader differs mainly in its 12½ hp Kawasaki engine, white trim and new dashboard layout.

Small diesel engines have developed to the point where they must be considered serious contenders in this market because of their fuel economy, reliability and low maintenance costs. I took a particularly close look at the Kubota ride-on mowers and compact tractors which occupy a quite different price range — from just under £3,000 to about £10,000 — but offer an extraordinarily wide range of options, including soil cultivation and excavation with the compact tractors. The smallest machine, the ride-on lawn mower, is available with two or three-cylinder water-cooled diesel engines of, respectively, 425 cc and 60 cc capacity (12 and 14 hp).

These are robust machines with shaft drive to the rigid mounted 44 in cutting blade, and hydrostatic drive to the rear wheel.

There are a number of thoughtful features about this machine including a radiator mounted behind the engine with a fan blowing air, and any dust or grass that may come with it, away from the operator; an instantly removable filter to catch such debris; a comfortable spring-mounted seat which immediately stops the engine when one gets off it, and a toe-and-heel pedal to engage forward or reverse drive.

The twin cylinder machine ejects grass at the side which, in my view, is a drawback, but there is the option of rear ejection on the three cylinder model as a £100 extra, bringing the price to £3,502.

Arthur Hellyer

Archaeology

After the digging, the questions remain

Here is the final report from our Archaeology Correspondent who has been overseeing new excavations at Maroni in south-east Cyprus.

Cleaning pots at Maroni as the season ends

PHOTOGRAPHING THE site marked the end of the season's actual digging at Maroni, Cyprus, but there has still been plenty more to do. From checking the houses we rented to paying the workmen's Social Security, showing colleagues round or preparing the finds for the Larnaca Museum, there has been no let-up—except for the luxury of getting up at six rather than five.

This year, investigating a large public building of the 13th century BC, there has been an extra task: writing a paper at once on what we have found, for a conference just held in Nicosia.

Most work moved to the storeroom in the village, where washing and sorting carried on after site work stopped. But even down at the site supervisors still had to finish, and summaries of the season to write in their notebooks.

When the last visiting colleagues left, we covered the great mud brick walls with plastic thrown out from neighbouring greenhouses. (Last year it protected tomatoes and cucumbers.)

At the storeroom we checked for the last time the catalogue cards and drawings of the finds we had inventoried. At the end of the week after digging, I handed them in—with a list in triplicate—at the Larnaca Museum.

Handing over the finds is automatic nowadays; and there is no question of these being divided between the foreign expedition and the Department of Antiquities—in the past, a lively occurrence in many East Mediterranean countries.

The day before I took the objects to Larnaca, we photographed them, first in black and white on a light box, then in colour outside.

Everything must be done properly. The focus must be correct, and the right bit in the frame, with the scale parallel to the bottom of the picture. The lists need constant checking. It is tiring and hot, and keeps three people busy for a whole day.

At Maroni there was also the routine work of sorting and counting the pottery after it had been washed, then bagging it up, to be stored in the village for the present. The sherds are divided by fabric (type of clay) according to an elaborate system perfected by Swedish archaeologists in Cyprus between the wars.

We separate out pieces of imported artefacts, whether from the Aegean or Syro-Palestinian; also lamps, bones and shells (which should both have been separated down at the site), pieces of plaster, and jar handles with incised signs. These signs may eventually help to reveal what was in the jars, or how much they held, or where they came from, or to whom they belonged.

I throw a little pottery away after it has been noted in our records. It is usually from the disturbed ploughsoil and can tell us little. We take it back down to the site where we have a dump in a corner of the fence.

I enjoy going through the pottery with the trench supervisors and looking at everything myself at least once, immediately after digging. This is partly to see what we have got, partly because as director I am the only person to have seen all the trenches at all stages, and so should know best how a particular level fits the general picture, and how important it is.

This means that we can rattle through some levels, but in others we examine every sherd minutely, even though this is just the first sorting. There is always the chance of an unexpected rarity, or sherds that will mend up into a vase. A jar made in Crete soon after 1400 BC was my delight this season.

Normally we allow a fortnight for post-digging work, but this year there was only a week. The second week was in Nicosia at a colloquium—small, beautifully organised and immensely hospitable—to celebrate 50 years of the Department of Antiquities.

The colloquium's theme was Cyprus between the Orient and the Occident. Historically, its geopolitical attraction is obvious: Greeks, Phoenicians, Persians, Romans, Franks and Venetians, Turks and British have all arrived in Cyprus, and now there are many Lebanese. But what about prehistory? What could we define, at any time, in archaeological and cultural terms? We discussed, within the different prehistoric periods, what was Cypriot, and what was extraneous.

It was unusual and exciting. And we all listened to all the papers, which covered 7500 BC to 1900 (rather than missing a session if its subject was before or after our own special period). They brought home the continuity of ancient and not-so-ancient culture in Cyprus.

I had to write a paper for Maroni which would incorporate our new results and attach them to the general theme. Our grand building does help to redefine what was Cypriot in the 13th—and thus in the 12th—century BC. Its olive pressing and storage must have been local concerns. And the copper or bronze working could have been supplied from a copper mine nearby in the foothills of the Troodos range.

Its architecture shows that a tradition of fine limestone masonry existed earlier than was once thought, and not directly assignable to any foreign source—although a degree of assimilation from Syria is feasible.

We shall be investigating our grand building — what it was for, and why it was sited at Maroni — for at least two more years. It must have cost a great deal in olive oil or copper to build — it measures 20 x 30 m; a clear demonstration of power. If not a barracks, it did control food. Food for whom? And why in the 13th century BC? Could it be linked to any expansion of trade in copper? These are questions that will have to wait until we know far more about life in prehistoric Cyprus, not least at Maroni.

It is stimulating to help define a country and its culture. As foreigners we are blessed by the wonderful generosity of the Department of Antiquities, under Dr Vassos Karageorghis, encouraging us to share in it. The job now is to write reports on the season and start the appeal for 1986; when, I hope, we shall finish investigating the grand building, and begin to see what is underneath it.

Gerald Cadogan

In the Pink

Cholesterol tests give food for thought

MANY READERS will remember that a few months ago Weekend FT ran an article by Richard Adler on the problems of premature coronary heart disease. We know that many of you remember because you wrote in in your hundreds, asking for help and information. If we had ever doubted that coronary heart disease, how to detect it, how to prevent it and, at worst, how to live with it, was a vital issue in many people's lives, your letters would have convinced us.

Since then hardly a week has gone by without one or another medical authority pointing out that premature CHD is an epidemic and that it kills as many people every day as might be killed in a jumbo jet air crash.

The horror of an air crash always ensures that experts gather to find out what went wrong and to make as certain as possible that nothing like it happens again. Neither time, money, nor expertise is spared in the effort. CHD is a bigger scourge than TB or polio ever were; yet still there is no concerted national effort to deal with it.

Richard Adler pointed out in the original article that CHD is largely detectable, preventable and, if detected early enough, curable. A simple blood test can help to discover those most at risk.

Interest in the subject at the FT was so great that we decided, with the expert help and advice of Bupa's Medical Centre, to offer this test to the first 100 people on the staff willing to be guinea pigs, and then to analyse the results.

Of 104 people whose blood samples were taken, 18 were found to have raised cholesterol levels. This is three times higher than levels found in the U.S. but, according to Dr Carolyn Ritchie of Bupa Medical Research, "the prevalence of hypercholesteraemia in this group is very similar to the findings from health screening at the Bupa Medical Centre."

In other words, our small sample seems to mirror what may be emerging as a national pattern—something like 17 per cent of the population of the UK has levels of cholesterol in the blood that increase their risk of premature coronary heart disease.

Dr Ritchie also found that "of the 18 with raised cholesterol levels, two out of the eight women were under 45 years of age compared with six out of the 10 men. This reflects the fact that cholesterol levels rise in women after the menopause. Both men and women tended to be overweight. Eight men and seven women weighed more than the recommended maximum weight for their height.

"Although total cholesterol levels in this group tended to be higher in the women than in the men their HDL (broadly, this is "good" cholesterol) levels were also higher. This explains why at any given cholesterol level a woman is likely to be at lower risk from heart disease."

Of the 18 people with raised levels, Dr Ritchie thought that about half would need only to modify their life-styles—that is, cut down severely on saturated fats, lose weight, increase the level of exercise and generally adopt a healthier pattern. The other half, she felt, would probably need medication as well.

Of the 18, one had a sufficiently raised cholesterol level to suggest that further investigation should be done urgently for it was possible that the person suffered from "familial hypercholesteraemia," a genetic disease which predisposes the patient to very high cholesterol levels. As Richard Adler (himself a sufferer from FH) puts it, "high cholesterol is a personal problem but FH is a family problem." In other words, if it proved to be a case of FH, children and other blood relatives ought to be tested and, if found to be sufferers, counselled about prevent CHD.

Although at first sight the news for the 18 looks gloomy, Richard Adler puts it in perspective: "the day you discover you are at risk is the day you can start to do something about it." After all, the alternative is not to know, not to take action, and then perhaps suffer an early heart attack or become one of the 17,000 people a year who undergo coronary by-pass operations.

The simple test conducted here at the FT seems to confirm what doctors are increasingly discovering: the incidence of raised blood cholersterol levels in the UK is much too high: one in five have levels of 6.7 per cent as opopsed to one in 20 in the U.S. Until we take the kind of action that other countries, for example the U.S., have taken, the deaths from early CHD are likely to continue at the present scandalous rate.

So what can you do to discover if you are at risk? Unfortunately the NHS is not geared to offer this simple screening test to everybody. Until it is (or until the FHA, a charity for which Richard Adler is trying to raise funds, has the means to help) those who can afford it can have a cholersterol test done at any of BUPA's 12 medical centres. It will cost about £25.

You can also read Richard Adler's book, *Beating Your Heart* (£1.95, published by Corgi). All of us would be better off adopting advice about eating more sensibly — cutting down on animal fats and stepping up intake of high-fibre foods, fresh fruit and vegetables. Further help and advice is also available from FHA, Box 116, Kidlington, Oxford OX5 1D2 (enclose a 17p stamp).

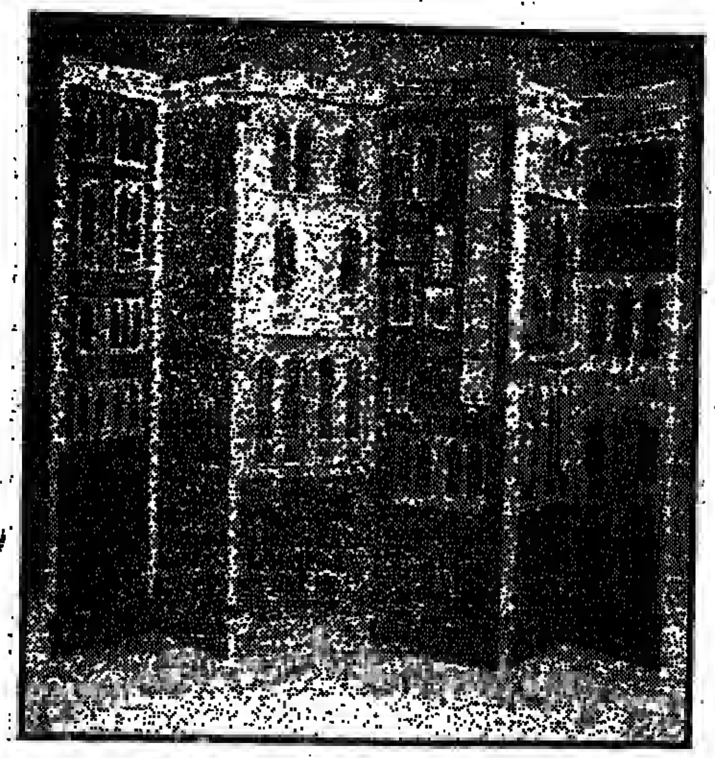
Lucia van der Post

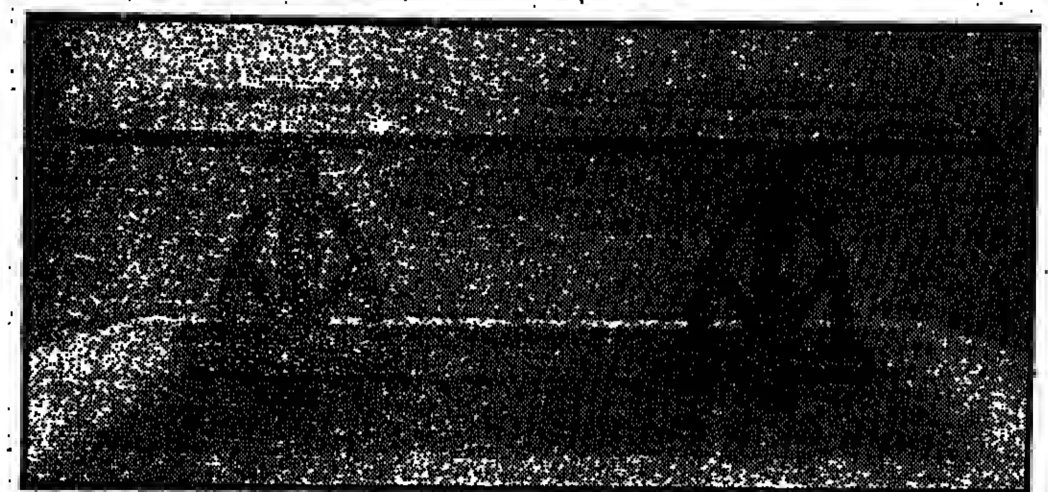
Lucia van der Post looks at the latest furniture

Classics in the making

IN THEORY, this does not seem a very good time to be trying to make a name as a designer of modern furniture. The present mood tends towards nostalgic exercises in rural charm. Antique shops are moving their fine oak and fruitwood pieces almost as fast as they come in; nothing sells so well as furniture with a timeless tag and the comforting aura of a less-troubled age.

However, for those whose tastes run to the modern and the avant-garde, some young designers are trying to find a genuinely contemporary answer to today's furnishing needs. Here is some of their work:





AT LIBERTY'S in Regent Straet, London, W1, the Arts and Crafts theme is entrenched firmly in the shop's history because of its close links with the work of William Morris and other illustrious mambers of that movement. So, it seems entirely apt that Liberty should commission a contemporary designer to re-interpret tha movement's aims and give them life in the form of some thoroughly modern pieces.

Ron Carter, a designer closely associated with Peter Miles Furniture, was given the brief. He was askad to capture the spirit of the Arts and Crafts movement hut it was laid down that the pieces muat not be mere reproductions. Peter Milcs Furniture has alwaya specialised in solid timbers and has managed to combine modern machine methods with a great deal of hand crafting.

The results can he secn on this page. All the pieces ara made in English ash stained greyish/brown to reveal the grain; hut anybody interestad can order them in any other timber or colour stain they like.

The collection is restrained hut has great strength and aimplicity. As a group, the items work well together without looking too repatitiva. There are a dining tahla and chairs, a sidehoard, a side table and an occasional table. Although the sizes and proportions are aimed at the average modern interior, Peter Miles Furniture will make any pieces to individual requirement (longer, shorter, wider or higher).

Prices are £395 for a single chair (plus the cost of upholstery material of your choice) £1,250 for the dining table, £1,990 for the sideboard, £725 for the circular occasional table, and £935 for tha fonr-drawer side table. The complete range can be seen and bought in Liberty's fourth-floor furniture department.

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People interested in modern design who despair of finding *anything* they like should visit Authentics at 42 Shelton Street, London WC2. Ownad and founded by Terry Jonas, it sells only authentically designed and manufactured items that meet his high standards. No copies or reproductions crosa the threshold.

Highlight is the extensive range of deaigns by Finland's Alvar Aalto. Although his work has long heen admired here, it always bas been difficult to see a comprahensive collection because retailers could never be persuaded to atock more than a few bits and pieces. Over tha five weeks Authentics haa been open, Jonas haa found—as he suspected—that Aalto sells very well when he can he shown and seen properly.

This week, a small collection by two young British designers went on show at Authentics. Shiu-Kay Kan and Sebastiao Conran (eldest son of Terence and Shirley) have combinad to produce some highly *avant-garde* furniture.

Shiu-Kay Kan is a lighting designer about whom I have written before. He belongs to what you might call the minimalist school, producing work of devastating aimplicity. The occasional tables he has designed in collaboration with Conran all feature lighting as an integral part of their structure. There is a bedside table; an audio-visual tabla (for housing hi-fi, compact discs etc); a dressing table for men (Vanity Homme) and a dressing table for women (Vanity Femme). Made from combinations of metal and some plastic, with tops of marble or granitc, prices vary hetween £249 and £595. Take note, though, these pieces are very spare indeed.

Above left: 2,000 pieces of veneer make up this highly-decorative Venetian screen. Designed by David Linley and the painter Matthew Rice, it is just one of a group of artefacts in similar vein.

Below left: sturdy mahogany dining table, inlaid with satinwood and boxwood, made to special commission by David Linley. Price £2,800. The design inspiration came from architectural detail in the client's house and tradition craft methods of jointing were used.

Lucia van der Post

HOW TO SPEND IT

The trouble with David Linley as a furniture-maker is that it is hard to overlook who he is. With Princess Margaret and Lord Snowdon as parents it must be difficult, to say the least, to he judged entirely for yourself.

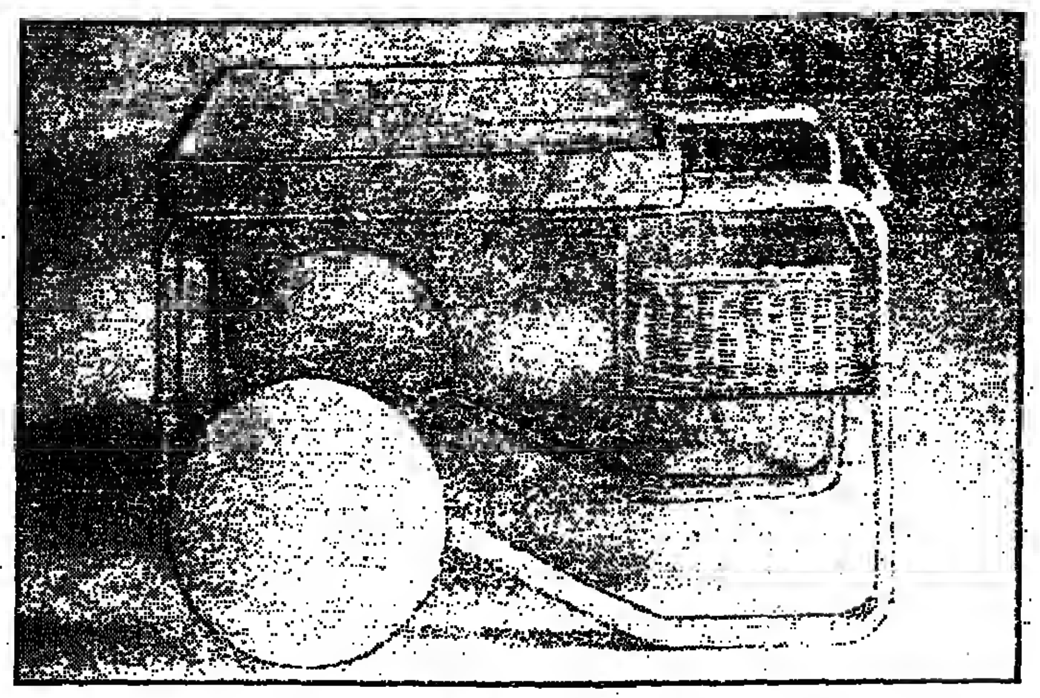
That apart, the pieces now on display at his company's naw showroom at 1 New King's Road, London SW6, show his work deserves serious consideration.

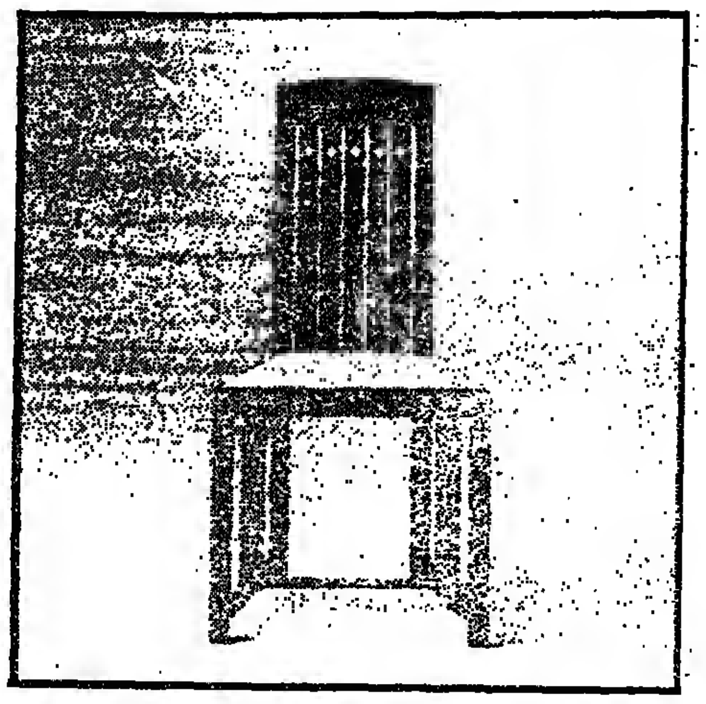
They range from an exceedingly slender folding desk and chair to an ornate and intricate Venetian screen. Nearly alt have been made for special commissiona; some are entirely one-offs while others have been produced in very limited editions. Most are pieces of great refinement, beautifully conceived aod crafted: but they do seem horrendously *expensive*. Prices range from £600 for the folding desk and chair to more than £6,000 for the Italian screen;

However, wood is far from cheap and every piece is designed from first principles by Linley; and although not every part of every piece is made personally by him, it is all done by hand.

The showroom marks the start of a new phase. A company, David Linley Furniture has been set up; the aims are to be ahle to display work to the public, and to provide a place where customers can come, look, and then discuss their own needs or a particular design problem.

There is no plan to go into mass production. Linley and his partner, Matthew Rice (a painter who is responsible for the intricate decorative work), are committed to fine quality woods and high standards of craftsmanship.

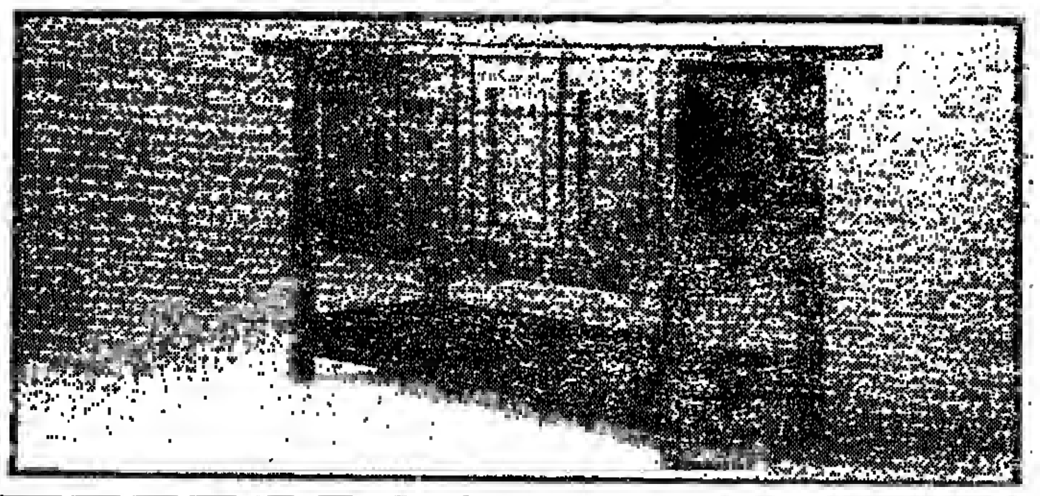




Above right: Authentics specialises in all things modern and besides the avant-garde work of younger designers has the largest collection in this country of the work of the distinguished Finnish architect Alvar Aalto. This trolley is one of the modern movement's great classics, and still looks as contemporary as the day it was first made in the 1930s. Made from birch, with a eeramic tile top and rattan basket, it costs £840.60.

Right: stained ash chair by Ron Carter for Liberty. Made by Peter Miles furniture. £396.

Below: stained ash sideboard with carved pewter handles, also by Ron Carter and Peter Miles Furniture, £1,990.



Nicky Smith is alarmed to find that Japanese women recommend face shaving before applying their makeup

Beauty goes mod, trad, and high tech

IF ANYONE is still wondering about the whereabouts of all thosa nightingales from Berkeley Square, look no further than Tokyo. There, nightingale droppings are among the latest cosmetic wonders.

In fact, they are a traditional recipe to whiten the skin and refine the complexion, but they fell from favour at the start of the century. Several years ago, they made a comeback and now are a popular item on the beauty counters of the big department stores.

Their reappearance marks a feature of the Japanese cosmetic industry and of Japanese life in general—the co-existence of modern and traditional. At Kanebo, Japan's second largest cosmetic company, they research the latest High Tech while initiating their beauty advisors into the art of the tea ceremony.

The trainees live in ryokan-style dormitories — peaceful havens of tatami matting, sliding paper doors and formal gardens featuring one flower and a lot of gravel. Paths leading to the training school are deliberately quiet and shaded, designed to calm the commuting mind. In the main leicure theatre, a wall of curtains parts like the Red Sea for a dramatic view of the Great Outdoors.

"Though we are in the same place, our minds have moved outside," explains the Japanese European Sales Manager.

Nature and harmony, colour and movement, are all aimed at "devoting corporate energies in satisfying two basic human desires—to be healthy aod to be attractive in one's own eyes as well as in those of others."

In the cosmetic world, pursuing such aims involves spending considerable time and money on research ond development. Shiseido, Japan's largest cosmetic producer with an estimated turnover for 1985 of 8.2 billiou yen (£25.5m), 86.3 per cent of which is in cosmetics, prides itself on its research into biotechnology, the latest buzzword that also describes work on food, medicine and ecology.

However, most Japanese *women still seem to prefer the* heavy foundation and bright lipstick that characterises the traditional gaisha look. Pale skins are envied; so are small mouths and long noses. Teeth no longer are blackened, as tradition once required, hut dental care still seems primitive judging by the rotten teeth of many Japanese. Women tend to hide their months modestly when giggling or laughing, which often is just as wall.

Western cosmetics are very popular, hut foreign manufacturers soon learn they have to adapt their products to the Japanes emarket. Western fragrance content usually is too high for the Japanese nose and men's *after-shaves* are less popular than cooling colognes for the scalp.

Orientals are supposed to be less hirsute than ourselves, yet face shaving in Japan is a common pastime amongst *women*. They say it leaves a better surface for make-up and recommend a once-over with a razor every week at least.

After a lunch of too much sake, I decided to give it a try. It proved to he a first for me and the Shiseido beautician, who had never shaved a *gaijin* face before: we both shivered with anticipation.

First came a layer of cold cream to soften things up. Then, she set to work with the razor. Japanese women do not usually go at it with the Gillette: they have artful little numbers with tiny blades and mother-of-pearl haodles.

However, the lady at Shisedo had only one weapon to hand, a cut-throat, the sight of which was a sobering experience. Before I could maka a dash for it, she bad started shaving. Long strokes, across the forehead, down the cheeks, a delicate bit of manoeuvring around a particularly pointed, Western nose. Terrifying. If I was a man, I would opt instantly for a beard.

And what of the after-effects? I hear you ask. Was there a heavy ragrowth, and does she now have to cope with a regular five o'clock shadow? Signed photographs will be issued only on receipt of an SAE.

How babies can be wired for sound

EVERYONE knows that mains wiring carries electricity around the house; but were you aware that the same wiring *can* be used to transmit sounds, just like a telephone line?

The principle is simple. Mains electricity travels along the wires at one frequency while electrical signals representing voices, music and so on can be transmitted at a different one, neither interfering with the other.

It is a well established technology; but one of the neatest—and certainly the cheapest—products to exploit the principle is a baby alarm from Adam Leisure of Harrogate in Yorkshire.

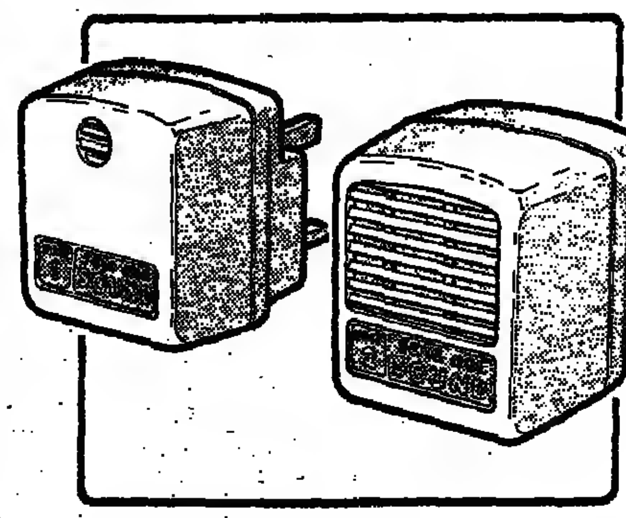
Called the Baby Listener, it comes as two unobtrusive units cased in white plastic and not a great deal larger than an ordinary plug; they fit directly into a 13 amp socket. The microphona unit goes into the baby's room while the loudspeaker unit can be sited anywhere else in the house—even the garden on an extension lead—as long as both are connected to the same fuse box. Watch out for the wet and damp, however, the manufacturers warn.

Adam Leisure claims the microphone will pick up sounds from up to 20 feet away and it certainly is very sensitive; a volume control might be a useful addition.

At around £25 from electrical stores, the Baby Listener certainly is extremely simple to use and a massive improvement on conventional baby alarms with their metres of wire trailing through the house and batteries that have to be replaced constantly.

The technology clearly has massive possibilities in the home and Adam already is exploring other uses. In its existing form, for example, the Baby Listeoer is a perfect telephone bell extension or alarm system for elderly or invalid people. With the loudspeaker and microphone units reversed, it can be used to coax unwilling *schoolchildren* out of bed in the morning without leaving the kitchen.

Alan Cane



Neat and effective: the mains-powered alarm

• BOOKS •

Margaret and her pilgrims

VIVA BRITANNIA: MRS THATCHER'S BRITAIN
by Paolo Filo della Torre
Sidgwick & Jackson £9.95
101 pages

THE POLITICS OF CONSENT
by Francis Pym
Sphere Books Ltd £2.95,
212 pages

THE CONSERVATIVE GOVERNMENT 1979-84
edited by David S. Bell
Croom Helm £15.95, 217 pages

MRS T's BEDSIDE BOOK
Javelin £2.50

PAOLO FILO della Torre, an Italian count and the London editor of La Repubblica, has written a book called *Viva Britannia*. Some readers will like it. It contains amusing stories and quotations. For example, there is an Italian travel agent who has started to sell something called the "Thatcher Itinerary" in the same way that people sell pilgrimages about Christ. It consists of visits to Grantham, Oxford, Finchley, the Palace of Westminster and the house in Chelsea where the Prime Minister used to live. And I had forgotten that President Mitterrand is said to have described Mrs Thatcher as having "the eyes of Caligula and the mouth of Marilyn Monroe."

Other readers will raise their eyebrows at the author's tribute to her taste: "Her clothes are perfect for her age and position. She has created for herself a sartorial niche between the respectable frumpiness of the Queen and the unreal fairy-tale irridescence of the Princess of Wales."

The book is a paean of praise to the Prime Minister, Falklands and all, which even she would have the modesty to regard as excessive. Some of it is simply wrong. Mr Michael Foot did not attend the Remembrance Day ceremony in an old duffle coat; it was a new duffle coat especially chosen for the occasion by his wife. Anyone who claims that the "governments of Heath, Wilson and Callaghan left little to choose between them—basically pro-Europe, pro-Nato" without seeking to develop the argument is at least open to the charge of naiveté.

We should be wary of foreigners who admire us. *Viva Britannia* does not describe the country we live in. It is sentimental nonsense. Italian-style and therefore with a touch of chic.

The point about Mr Francis Pym, the foreign secretary sacked by Mrs Thatcher after the last general election, is not that he is a Tory "wet" or even a rebel. Indeed, on a number of issues, such as rent control, he is considerably more radical than the Prime Minister. It is a clash of temperaments.

Mr Pym has added a new chapter to his already admirable *The Politics of Consent*, published last year. "The decisions made in the next 12 months," he writes, "have to be the right ones." He advises the Government to avoid becoming bogged down in contentious legislation, like seeking to reform the rates, without having discovered a better system to put in their place. Like the reform of the state earnings-related pension scheme (Serps), it ought to be a matter for the next election manifesto. The faults may be on both sides, but it is a great pity that he and the Prime Minister do not get on. Indeed, when the history of the Thatcher period is written, differences of personality will play as large a role as any.

David S. Bell of the University of Leeds has edited rather a good book on the policy performance of the Thatcher administration so far. The contributors discuss in some detail what has happened in particular areas, such as education, health and industrial relations. They conclude that the Government has not achieved nearly as much as it would have liked to, and that the outcome has sometimes been contradictory: for example, more public spending rather than less.

What is odd is that in a book that tries hard to be objective the authors still seem to think it eccentric that Mrs Thatcher should have wanted to embrace market economics. There is an assumption that in the 1960s and 1970s things were not going all that badly, and that the present Prime Minister was wrong to stir them up.

Some of the criticism is telling: for instance, the claim by Doreen Collins in her essay on social security that the policy was one of "cut now, think later." Mr Pym would agree with that. But note that Mr Pym also says that, since 1979, "overall it is significant how much progress has been made, not how little."

My own conclusion is that Mrs Thatcher on the whole did take the right turnings, but that the country is still in relative economic decline and that the big question is: what happens next? Mr Pym is right; it would be silly to be diverted by contentious ill thought out legislation in the next two years.

It may be a little early to think about Christmas stockings, but *Mrs T's Bedside Book*, from which the accompanying cartoon is taken, would fit very well. Some of the cartoons are less benign.

Malcolm Rutherford

A cartoon from "Mrs T's Bedside Book" reviewed below

Fiction

He that plays Lenin

METRO
by Alexander Kaletski.
Heinemann. £9.95. 374 pages.

SEAVIEW
by Toby Olson. Marion Boyars, £9.95. 251 pages.

THE CABALIST
by Amanda Prantera.
Jonathan Cape. £8.95. 184 pages.

LIGHT YEARS
by Maggie Gee. Faber, £9.95, 350 pages

DEPTHS OF GLORY
by Irving Stone. Bodley Head, £9.95, 571 pages

FROM THE dissident Soviet film star Alexander Kaletski, now living in New York, a cynical, episodic, bittersweet novel *Metro*, being the story of the Moscow underground in every sense of the word. His own story too, from the hero Sasha's provincial origins, via a place at the Moscow Theatre Institute to widespread acclaim as actor, artist, folk singer, before the eventual fall from grace and emigration via Israel to the United States.

Cynical, but not heavy, Kaletski goes for the *Catch 22* approach, actors unable to get a job without permission to live in Moscow (and vice versa), unable to travel in an empty train because all tickets are officially sold out. Unable to perform at a concert unless they can come up with a song about Komsomols crushed to death by fascist tanks during World War Two.

Not that the actors are invariably heroic. The man playing Lenin in a piece about property and theft rather lets the side down by robbing the players' dressing-room when everyone else is on-stage. And abroad, while touring the United States, they all forget themselves so far as to pee in the hotel pool, realising only too late that the dastardly capitalists are employing chemical warfare against them to turn the water black.

Human beings is what they are, stifled by the system. Alexander Kaletski retains his sense of humour more successfully than many exiles, knowing the value of cheerfulness as a weapon in its own right. His writing is not in the Pasternak class—it is a bit too clumsy for that — and he tells us little about the Soviet Union that we didn't know already. But it is fun all the same, a wry dig at a society in which Pravda is at its most popular in the queue for the communal loo.

Clumsy, too, is Toby Olson's *Seaview*, an odd little book which won the 1983 PEN-Faulkner award for the year's most distinguished work of American fiction. The first half deals with an odyssey across America by a trio of ill-assorted drifters — Allen, a golf hustler and sometime drug courier; Melinda, his dying wife; Bob White, a rattlesnake-hunting Pima Indian who has more or less come along for the ride.

They are aiming for Seaview, a Cape Cod golf course built on ancient Indian land "on the edge of America." The goings-on at Seaview dominate the second half of the book, an extraordinary business of harpoons and hang-gliders, gunfights and revenge, all very American, all very literary, if structurally somewhat untidy. The patches of fine writing are undeniable; as a whole, though, this is the sort of book that you either like a lot or you do not like at all.

Amanda Prantera's second novel *The Cabalist* is as bizarre as her first, which is quite a compliment. *Strange Loop* was heavily into philosophy, but *The Cabalist* is into magic, the Ugaritic script of an elderly interpreter named Joseph who has discovered the answer to it all and wishes to pass on the secret before cancer kills him.

This is Venice, and the mathematicians of the university are not impressed when he tries to give them a demonstration of his powers. He resolves instead to smuggle his testament into the monastery library on San Lazzaro island, where someone will be certain to find his work after he is gone. At all events he must keep it out of the clutches of the Catcher, a cat-murdering child who may or may not have existed 60 years earlier.

Bunk, of course, but arrestingly done. The author is strong on the occult, stronger still on the creepy-crawly atmosphere that this sort of book needs — and Venice so often provides. She has a weird talent, put to excellent use in her first two novels. It will be interesting to see what she comes up with next.

For her third novel *Light Years* Maggie Gee has abandoned the experimental tone of her earlier work in favour of a more conventional tale about love and unhappiness in Camden Town. Lottie is rich and good-looking, puzzled that husband Harold should leave her for the dubious comforts of an out-of-season Bournemouth hotel. Harold is a little puzzled too. Both look longingly at the phone, which never seems to ring.

They take lovers, Harold a Bournemouth art student, Lottie a handsome Frenchman. They see each other by accident in Paris. Month follows month in the planetary system until the year has turned full circle and they put out tentative feelers towards a rapprochement. "Light runs faster than love or writing across the enormous absences" of the universe, six million million miles in the time it takes the cosmically insignificant Harold and Lottie to come together again.

No chance of Irving Stone's writing running anywhere. His *Depths of Glory* is undoubtedy the heaviest book of the week, a massive biographical novel of Camille Pissaro, "set against the vibrant canvas of 19th-centry Europe." Mr Stone lives in Beverly Hills, and readers of his previous works on Darwin, Mrs Lincoln and Michelangelo will know that he is a master of the "Dick Plantagenet, you're the pits!" school of dialogue. Every known fact about Pissaro's life has here been laboriously stitched together and served up as a work of fiction. Major characters include Monet, Manet, Renoir, Degas, Cézanne, Seurat, Gauguin, Van Gogh—and say, isn't that Haussmann over there, knocking Paris down?

Nicholas Best

Maggie Gee: turning traditional

Poetry

Songs of a survivor

ROY FULLER: NEW AND COLLECTED POEMS
Secker & Warburg, £14.95, 557 pages.

ROY FULLER has always seemed to me unrepresentative of the major British poets of our mid-century. A career which has led to prominence in legal and Building Society circles, to a governorship of the BBC, has also accommodated his unofficial occupation as a poet — a private vocation has become a public persona. And very private this volume is: 50 years of confessional poetry dominated by the armageddon of world war.

The earliest poems date from the end of that great literary era, the 1930s, and bear its hallmarks: reproachful meditations on Spain; gnomic, menacing descriptions of anonymous communities threatened by destruction; fears rendered almost surreal by complex and ingrown syntax that the future is bleak whatever the hopes and works of the enlightened and humane conscience. But despite his anxieties about the decadence of the class structure or the inadequacy of socialism as an alternative, Fuller never affronts us with the glib solutions of the demagogue.

A similar candour informs the war poems: the shortness of leave; the agony of parting; the sense of boredom, helplessness and fear of those six years are painfully and vividly recounted. Like his contemporaries, Fuller came to poetic maturity when global strife gave him a wealth of events to assess. When, in 1945, the curtain came down, he, unlike some, never lost inspiration, though there is an unmistakable change in tone.

Fascination with formal experimentation goes hand in hand with an urbane confidence; and a quiet contemplation of family routine, merely getting on with his own life, becomes the norm.

The volume ends with a sequence of sonnets prompted by drug-induced sleep: uncertain as to time and place, they reiterate a sobering fear: "My poetry is my posterity but can it endure?" One aim consistantly expressed in the book will be recognised and applauded—that in the face of adversity and preoccupation the perspective of a determined writer remained uncompromised and inviolate.

Clive Fisher

POETRY INTRODUCTION 6
Faber & Faber £3.95
(paperback), 107 pages.

Poetry Introduction is an admirable and altruistic series (subsidised by the Arts Council and now no doubt by Faber's profits from *Cats*), offering a showcase for new poets between publication in magazines and a book of their own. These writers are beginning to speak for themselves, but are also quite audibly still being spoken through—in several cases by the same master voice, producing a curious effect of multiple ventriloquism.

Philip Larkin, for example, has stopped writing poetry himself but is still doing so by proxy. Bernard O'Donoghue, an Irish English don at Oxford, produces poems that are part pure Larkin in cadence and mood, and part his own—his distinctive contribution being the rural Irish settings, and a hard concentration on violence, disease and death.

R. A. Maitre, a former philosophy lecturer, has taken more from Craig Raine (Faber's Poetry Editor). His work is clever, sexy, full of puns and other verbal foppery ("The sun has gone west, and the moon/tempts"), but still English in its topics to the point of being Betjemanesque.

Simon Curtis contributes deftly rhymed satirical quatrains, taking sociological snapshots—the sort of jaundiced light verse at which Kingsley Amis once excelled. His work is immediately amusing.

None of the three women in this notably traditional compilation rhyme much, but their subject-matter is familiar. Sarah Lawson deals with her parents and travels in rather loose poems, with a weakness for clinching last lines. Susannah Amoore, an FT member of staff, composes slow, calm memorials of domestic life and the passing seasons—poetry a braver man might label "feminine."

Shirley Bell and Alan Dewar appeal to me less; her diction deliberately worked up rather than urgent, his industrial landscapes impersonal and uninviting. (Amusingly both poets flourish the same rare word, "marram"—a seaside grass which binds shifting sands—and I suspect both have plucked the word, with its obvious applications, from another poet, such as Seamus Heaney, rather than the plant from the shore. Even so minutely does influence appear.)

The poet I am most pleased to have been introduced to by this anthology is Stephen Knight. His poems are delightfully inventive dramas of adolescence, which take off into fantasy that yet embodies real feelings and events—if there is "magic realism" in contemporary English poetry this is it. He has vigorous life in his language and a sharp, charming sense of comedy (a woman with two face-lifts is described as "A picture of health by Picasso"). If there is an influence detectable it is probably that of someone as recent as Michael Hofmann; but although Knight is much the youngest of the pack (born in 1960), he already has a recognisable and captivating voice of his own. He deserves a book to himself as soon as possible.

David Sexton

Starry and serene

BLESSINGS IN DISGUISE
by Alec Guinness. Hamish Hamilton, £9.95. 238 pages.

SIR ALEC GUINNESS was a small and lonely Edwardian boy whose birth certificate remains to this day a matter of conjecture and mystery. The identity of his father has never been established, although Sir Alec's theory is that a man called Geddes borrowed the name "Guinness" from a friend. Not, probably, a rich Guinness, a mistake made by Martita Hunt, who considered the young actor's application for personal tuition as a chance to make a financial killing.

Miss Hunt was soon disabused in this by the author's disappointing, faintly threadbare appearance. Wherever expectation rises, the hero is on hand to squash it flat. His most famous roles are consigned to casual parenthetical remarks. His 1937 Richard II is dismissed as "plagiarised, third-rate imitation of John Gielgud." His 1951 Hamlet and 1966 Macbeth were counted critical disasters. I saw the latter in a much under-valued Royal Court production — it was Scottish, sturdily and unfussily articulated, profoundly moving. No mention of it in the book.

Guinness shuffles modestly into view with a most disarming preface, acknowledging with embarrassment an Ego flattered to be invited to write an autobiography, a true self appalled at the prospect. A childhood in gloomy London houses and cheerless South Coast prep schools was compensated for by indulgence in morbid fantasy and theatrical adventure.

For all his self-effacement, Guinness had a trick with people. In the first chapter he inveigles himself into the room of a fellow lodger, a lady "in the ground floor front," a mysterious Miss Havisham, to whom he becomes a sort of comical Pip. An elderly lady gymnast takes him to the Coliseum where, at the age of seven, he falls irreversibly in love with the music hall star Nellie Wallace (an affair previously anthologised by Ronald Harwood). He is so affected by her that he falls down in a sick faint—and sends her a bunch of flowers. At the age of 16 he reports backstage to Sybil Thorndike in order to recite some poetry and to inquire about the lightning-sheet in the play.

The young Alec was marked down for distinction by the inter-War theatre élite and patronised, especially by Gielgud. Jobs seem to materialise out of chance encounters in the street, important auditions undertaken on impulse or by accident. Instead of gushing in awe at the great figures he admired and later worked with —Gielgud, Martita Hunt, Sybil Thorndike, Tyrone Guthrie and Edith Evans—Guinness sets to work as a critical portrait painter, proving himself both a naturally gifted stylist and a perceptive, witty chronicler.

Like Gielgud and Redgrave, he is known to be a writer, responsible for stage adaptations of *Great Expectations* and *The Brothers Karamazov* as well as (with Alan Strachan) his Jonathan Swift vehicle *Yahoo*. His Gielgud portrait has also appeared before, and there is a wonderfully funny Richardson story that begins at a Vogue photograph session and ends with the two actors rolling around on the floor of the Connaught Hotel dining room. The punch-line is suspended over this splendid remark:

> He [Richardson] must have day-dreamed a lot as a boy, and continued to do so through a long life, for I often thought that the things he said were not always invented on the spur of the moment but were dredged up from years of contemplation.

He sees all around his heroes and heroines. Here is both the small meanness and the larger generosities of Edith Evans; the imperial Gothic majesty of Sitwell and her cutting bitchiness when Guinness dares to suggest that Beethoven would outlive in public estimation everyone seated around his hostess's table; the impeccable old world charm of Bernard Shaw who sits down to lunch to recount and laugh at, long and loud, his own jokes in the play he had completed that morning.

There is a special place in his pantheon for Ernest Milton whose Hamlet was "the most thrilling performance" Guinness had ever seen. Milton, an American-born Jew, was an actor's actor beset with persecution mania and given to such extraordinary, mischievous statements as that Lillian Baylis was the only woman who had ever aroused him physically. Guinness describes him singing for his supper with impromptu performances of Macbeth and, less happily, King Lear, and leaves him finally, largely forgotten and entirely alone, in the actors' home at Denvilla Hall. If Gielgud was the key influence, Milton was the subjective favourite. Guinness places him alongside his three other most admired actors: Pierre Fresnay, Charles Laughton and Cyril Cusack.

Kenneth Tynan dubbed Guinness "a master of miniaturists" after his post-war Abel Drugger. And the feeling persists that Guinness is somehow only "a character actor," a wizard of disguise (a reputation based solely, I feel on *Kind Hearts and Coronets*, one of the most brilliant of all British films), but not an artist of the first rank. I think this is nonsense. In all media he has been a superb and unrivalled technician. His voice, both distinctive and unmannered, is as capabable of rhetorical flight as it is of the deftest inflection. And he has the extraordinary gift of speaking volumes without seeming to open his mouth.

Last summer at Chichester he played Shylock for the first time, returning to the stage after an absence of seven years. It was as imposing and unforgettable as his Macbeth.

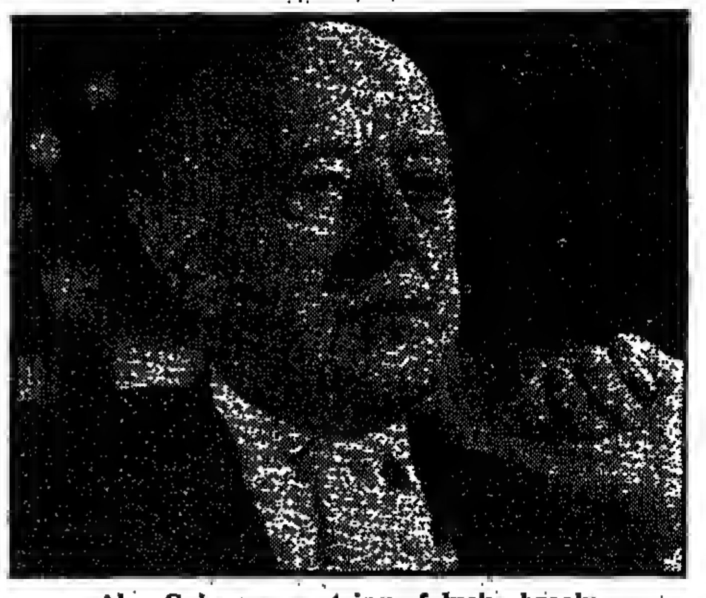
His versatility in modern drama—in John Mortimer's *A Voyage Round My Father*, in Simon Gray's *Wise Child* and in Alan Bennett's *Habeas Corpus* and *The Old Country*—has ensured considerable success for the wilting ambition among producers to serve up quality plays in Shaftesbury Avenue. And of course he is rightly and widely admired for his impeccable, implacable television performance as George Smiley.

There is always with Guinness, as with all great actors, an inner pool of secrecy marked off with No Bathing signs. This, along with his icily authoritative stare and graceful deportment, lends him the magic quality.

Religion is important to him, and his passing flirtation with Buddhism, Anglo-Catholicism and the Tarot (there is a spooky psychic confession involving the death of James Dean) lead eventually, after a sojourn in a Trappist monastery, to the Roman church. His wife Merula and son Matthew (also an actor) are constant sources of renewal and support.

I enjoyed less the long war chapter; Guinness saw distinguished service in the Adriatic and in the landings on Sicily and Elba. But the old West End network was never far away. Tony Quayle drops in by parachute, Peter Bull is discovered sailing up and down the Tyrrhenian Sea and, in Taranto, Ben Levy booms into view with his familiar shout of "Anything I can do for you, ducky?"

Michael Coveney



Alec Guinness: a string of lucky breaks

Long goodbye for glitterati

SAVAGE GRACE
by Natalie Robins and Steven M. L. Aronson.
Gollancz £10.95, 473 pages.

CAFE SOCIETY in America and Europe was shaken when in 1972 Tony Baekeland murdered his mother Barbara in a flat in Chelsea. Twenty-six at the time, he was diagnosed a schizophrenic, and sent to Broadmoor. Released to New York in due course, he attacked his grandmother Mrs Daley but she survived. Awaiting trial, he killed himself.

Natalie Robins and Steven Aronson have been at extraordinary pains to document what happened. Here are extracts from legal and medical records, some private diaries and letters, as well as scores of interviews with people who experienced some aspect of the gathering horror. Those giving this evidence belong almost uniformly to the *glitterati* class, and they have been quoted verbatim, without comment, and only a minimum of linking narrative.

Quite exceptional, not to say sensational, among the witnesses is Brooks Baekeland, husband of Barbara and father of Tony. He seems to live now more or less as a social outcast. In spite of his claim to be indifferent to what others may think of him, it is an act of undoubted courage to go on record like this. Speaking with intelligence and apparent frankness, he cannot help opening the question of how much responsibility for the tragedy he must carry.

The huge family fortune was founded by his grandfather, an eccentric scientist who invented bakelite, an early form of plastic named in his honour. Immediate descendants are prone to exaggerate the power of a money-making forebear, and Brooks Baekeland is no exception. Inferiority complexes develop that way, as well as dependence on family trusts.

A wartime pilot in the Canadian air force, Brooks Baekeland was blithely unprecocious when he met and married Barbara Daley: "a banal story of sex," as he puts it. From a modest Irish background, she was a beautiful redhead, but on the make, much impressed by his money.

A number of witnesses report that Brooks and Barbara were like a couple in a Scott Fitzgerald novel. Under the gloss of extravagance and party-going, they mean to imply, lay a dizzying sense of waste of time and talent, and the quarrelsome anxiety of having nothing to do. Without a proper home, in a world of expatriates, the Baekelands rented somewhere for the winter in London or Paris, and the summer on Mediterranean beaches. Tony, their only child, was expected to find a place in a vacuum. Without discipline, virtually uneducated, falsely flattered about his looks and his cleverness, effortlessly rich, he was soon lost to the 1960s; a natural victim; a homosexual, taking drugs.

The teenage Tony, it seems, one day brought home a friend called Sylvie. Whereupon Brooks ran off with Sylvie, and eventually they were married. Abandoned, Barbara tried to commit suicide, not for the first time. Failing to win back Brooks, she became obsessional about Tony. Several people were apparently let into the secret, either by her or by Tony, that they had resorted to incest.

As in Greek tragedy, did the Baekelands have character defects which could be resolved only in death? Is there a special Nemesis for the idle rich? Was Tony mentally ill from the outset, or just deprived of love, and then corrupted?

Voices rise off the page with conflicting answers. Brooks Baekeland depicts himself as loving but weak, inadequate. He saw his son as "a kind of personification of Evil" and "the American Genet." Sylvie, now married to someone else, sounds cheerfully free from guilt, yet generous enough to understand that people blame her for the way Brooks deserted Barbara and Tony. From Broadmoor, Tony speaks for himself in his letters, pathetic documents about his dim dreams.

The chosen documentary method induces nothing but hand-wringing. A picture emerges of general decadence—but who is to blame, what can be done? In the absence of guidance from the authors, it is impossible to know how much reliance to place on any witness. Nobody intended harm, yet madness and murder came of it. These unhappy people stay trapped in a thriller of their own devising, when what is really needed is to have passed on them the moral judgments they were so wretchedly unable to make for themselves.

David Pryce-Jones

CRIME

THE LATIMER MERCY
By Robert Richardson
Gollancz, £8.95
184 pages

AN AUSPICIOUS début. Mr Richardson sets his story in a cathedral town, which he brings vividly and affectionately to life, despite the heavy band of tradition. No prizes for guessing the identity of the murderer; but there are a number of nice red herrings along the way. The writer Augustus Maltravers and his actress friend Tess are an attractive pair and it would be good to encounter them again.

William Weaver

Royal Shakespeare Company

Bard and Brecht on the road

THE FIRST Royal Shakespeare Company small-scale tour six years ago included Accrington on the itinerary; this week the company returned to the North West, presenting Shakespeare's *The Taming of the Shrew* and Brecht and Weill's *Happy End* in the Clayton Green Sports Centre in Chorley, near Preston. The RSC's pulling power may be gauged from the fact that audiences descended on this attractive new residential area (part of the Central Lancashire Development programme) from as far abroad as Derby, South Cumbria and the Wirral.

Whatever showbiz surprises are sprung by the RSC next week when *Les Misérables* opens in London, the company's reputation is at least safe with this splendid and versatile RSC/NatWest troupe under the direction of Di Trevis. The Chorley venue was a severe test of team spirit, for the morale-sapping acoustic rendered large passages of *The Shrew*, especially, inaudible.

The *Shrew* actors arrive in a Brechtian caravan of bundles, mewling babies (Katharina is obviously a single parent) and thick woollens. The tricking of Christopher Sly (Michael Troughton) begins as a revenge on his unsocial vomiting and urinating. He oblivvies and laughs from his sofa and the "no sending to prison" intervention from *The Taming of a Shrew* is a useful sobering device before his final humiliation.

The design of Pamela Howard combines Felliniesque processional colour with Napoleonic costumes; a mood perfectly embodied in Alfred Molina's expansively Italianate and very fine Petruchio. His systematic subjugation of Kate leaves Sian Thomas plenty of room for her own discovery of a lover and friend more promising certainly than any of Bianca's suitors; the submission speech shocks Mr Molina into renewed appreciation of his soulmate.

Molina is the sort of actor the RSC would be daft to let go once this tour is completed in Newcastle next January. The same goes for Sian Thomas whose ability to transmit fiery passion and to play the highest comedy is given full rein in this pairing of plays. For once Kate is the sister Bianca would like to become, and the sibling combination with Sara Mair-Thomas makes a clean break with tradition.

A festive aura is conveyed by the pavilion-like long white canopy that floats above the action, as well as the expert fiddling of "The Pizzicata Sisters," a couple of exotic gypsies counterpointing the text with some exquisite arrangements of Pachelbel by Dominic Muldowney. *Shrew* is very much an open air play; *Happy End* is set in the Chicago underworld of 1929, and designer Bunny Christie has ingeniously taken us there by using the long space as a tunnel fitted out with railway lines, meat-hook hat-hangers, buffers and sleazy bandstand.

Brecht's lyrics and Dorothy Lane's (Elisabeth Hauptmann's) book are conventionally derided for thinness and for pre-empting the more substantial *St. John of the Stockyards*. But Michael Feingold's zippy, witty translation has done a lot to restore this piece, and the actors fall on it with relish. The songs are some of the best, and the actors responsible for "The Bilbao song," "Mandalay" and "Surabaya-Jonny" (Geoffrey Freshwater, Molina in regal drag, Sonia Ritter) discharge them with equal measures of yearning nostalgia and acidulous distaste.

Sian Thomas is the mysterious gang leader who treats us to a slinky Dietrich turn before discovering her long-lost Salvationist husband, and Mr Freshwater and Miss Rutter (an actress of intriguing potential) squeeze every last drop out of Bill Cracker and Lillian Holiday. Miss Trevis (who co-directs *Happy End* with Stuart Hopps) has also shared out the goodies so that both shows taken together give fine opportunities to Wolfe Morris, Linda Polan, Nigel Anthony, Nick Dunning and Richard Garnett.

Michael Coveney


Sian Thomas as Kate

Saleroom

The craft of buying art

SOTHEBY'S and Christie's have taken their competition to the bookstalls. Both have just launched publications which offer price guides to antiques and tips on which sectors to buy to.

The Christie's publication, "The Popular Antiques Yearbook," published with Phaidon at £9.95, has the advantage of concentrating on the works of art and collectibles passing through Christie's, South Kensington, the auction house which deals in antiques affordable by ordinary humans.

So there are intriguing chapters on the latest state of play in costumes and textiles, arms and armour, postcards and ephemera, clocks and so on, and photographs of works of art sold in the past year with a commentary, in many cases, on why they made a high or low price.

In contrast Sotheby's "World guide to antiques and their prices," published by Penguin at £14.95, apes the traditional antique price guides, with only brief introductory articles on each market and then pages of postage-stamp sized pictures of works of arts, quite undecipherable to anyone less than an eagle eyed expert. It also uses many American examples, which might encourage distribution in the U.S. but hardly helps the average collector looking for a useful reference guide. So the Christie's guide wins hands down.

It is edited by Huon Mallalieu who muses on the fun and foibles of the salerooms, why prices go up one day and down the next, what is in fashion and what is out, with the obvious advice that you should be buying things which are currently out, such as fairings, those German porcelain figures whose price went through the roof and have since gone through the floor. Mallalieu also draws attention to the potential brittleness of a market. In the past decade amazing prices have been paid for the prints of Munch—those dumb, shrieking faces and palned ladies. But this is because two rich American buyers have competed ferociously for the best examples. Soon they will have complete sets: what then for prices?

But Munch is beyond the reach of all but the rich. Where should the man or woman with £1,000 or so to spend on works of art start? Pictures, with their enormous range of price and provenance, probably offer the best sector for examples, so here is some expertise from Christie's South Kensington.

Modern British etchings offer a classic instance of the market cycle in works of art. In the 1920s contemporary etchings were issued in limited editions and treated as a safe form of investment: you subscribed to an etching, received it, then cashed it in at the nearest art gallery for a nice profit. All this ended with the 1929 crash, and only now are British etchings of the period back in favour. For example, the nautical etching "On the Main Yard," by Arthur Briscoe was down in the basement at £3 in 1931 but recently two impressions sold for £100 and £130, around the price they would have fetched when produced in the late 1920s (which in real terms means a tremendous fall in price).

Only in the last few years have there been keen buyers for artists like Cameron, Laura Knight, McBey and Brockhurst, whose evocative etching "Adolescence," one from a 1932 edition of 91, staggered the art market last year by selling for £3,780. Because it depicts a naked girl this etching always had some value, but between 1934 and 1960 its top price was £32 and by 1968 it had reached only £210.

It is the value of the Christie's guide that it casts a critical, and cautious, eye on such markets that are within the pocket of many potential collectors. A more recent price cycle has affected orientalist pictures, views of the East which gripped the imagination of European artists after 1830. Up until 1920 they commanded good prices, then went into a sharp decline which ended in the early 1970s, mainly because of buying by oil-rich Arabs. There was a boom which peaked in 1982. The market has now acquired new confidence at a slightly lower level, and artists like Benwell, Leaver and Lamplough, working in watercolour, are enjoying good demand while rarely selling for above £4,000.

If the East seems remote what about a nice picture of a country garden? These are enjoying a revival, first noticed in 1981 when a pair by William "Garden" Fraser more than doubled its forecast at £2,400. Enthusiasm has switched to other members of his family, and works by Robert "Winter" Fraser have edged up towards £400. There are three more Frasers available, usually for around £100 each.

Antony Thorncroft

Solution to Chess No. 588

1 P-K8(R). If 1...KxP; 2 P-R8(N), K-N4; 3 R-K5 mate. If 1...K-B4; 2 P-R8(Q), K-Q5; 3 Q-R7, or 2 . . . K-Q3, 3 Q-B6.

Design

Function with style

LIKE THEIR "Post-Modernist" cousins in the world of architecture, most Italian, American and Japanese designers of consumer products have long since abandoned the old Bauhaus dogma that "form follows function."

The British, too, have begun to graduate from their traditional obsession with the Arts and Crafts values of "truth to materials" and simplicity of decoration.

To industrial designers from these countries, the idea that the shape and appearance of a product should be strictly dictated by its function is an anachronism left over from the days before the innards of a radio or a television could be concentrated on just a couple of microchips; and before the avant-garde Memphis group unleashed a kaleidoscope of clashing garishness on a design world which—except for the excesses of the swinging 1960s—had tended to exercise restraint in its choice of shape and colour.

In Germany, however, Bauhaus principles live on. As befits the country which gave them birth, and which reinforced them after the Second World War through the Hochschule fuer Gestaltung in Ulm, the teachings of Walter Gropius, Marcel Breuer and Mies van der Rohe still provide a rigorous educational foundation for most design students.

German designers do manage to break out of this stifling circle of convention from time to time. But, like Richard Sapper and Hartmut Esslinger (of Frogdesign), who escaped to Italy and California respectively, they often feel compelled to move abroad to practise their particular brands of liberalism away from the nagging tongues of Germany's design establishment.

But has German design ever actually lived up (or down) to its high ideals? Not according to a new book, The Conran Directory of Design.* A veritable Aladdin's Cave of facts and opinions about design and designers past and present, it claims to be the first comprehensive work of reference on product design, graphics and fashion.

The authors of the directory are Sir Terence Conran, head of the Habitat-Mothercare-Heals empire, and Stephen Bayley, who runs the Boilerhouse Project, Sir Terence's design gallery at London's Victoria and Albert Museum.


The traitor of a philosophy

As one would expect from such trenchant and outspoken characters, the style of the book is argumentative and entertaining, both in the 180-odd pages of encyclopaedic references, and in the seven introductory chapters on such topics as the craft ideal, the romance of the machine, and the language of objects.

The book's tone is exemplified by a section on Braun, whose chief designer, Dieter Rams, is the living epitome of Bauhaus principles. The evolution of Braun electric razors over the past 30 years betrays the Bauhaus-Ulm philosophy for what it really is, Conran and Bayley claim:

"Since about 1950 there have been no fundamental changes in the mechanism of the electric razor or, indeed, in the landscape of the human face." Yet the form of Braun's razors *has* changed. Hence the declaration of the two authors that "German Functionalism is a style and not an austere result of engineering."

For this, and a myriad of other nuggets of information and provocation, the Conran Directory repays attentive reading, whether at the coffee table (it is beautifully produced and designed), or at other moments (most of its "A to Z" entries are less than a column long).

Not everyone will agree with its choice of topics and designers — Laura Ashley and the Bugattis, for example, are not included. But with a subject as vast as design it would be difficult to satisfy everyone's preference.

* *Published by Octopus Conran. Price £16.95.*

Christopher Lorenz

Orchestras

Tuning in to the market

THE FOUR London orchestras are increasingly victims of their own success. As the Arts Council admits its failure to reduce them to three (it intended to banish one to Nottingham to service the music-starved east of England), the four start the new season racked with fears about their future. But all boast of their particular musical initiatives for 1985-86 and of their good housekeeping which, miraculously, keeps them financially afloat.

The immediate situation is this. The Arts Council has cut their grants for this year by a third, but since subsidy only accounts for between 12 and 15 per cent of their income the orchestras expect to break even in 1985-86 by planning more popular programmes and by selling themselves more vigorously to sponsors.

But from April 1, when the GLC disappears, the Arts Council becomes the sole subsidiser of the orchestras and is in a stronger position to exert its will. The old system whereby most of the aid came in the form of a grant for each Festival Hall concert will be dropped, and money will be geared to the programmes presented by the orchestras and their ability to run economically.

For 1986-87 the council has agreed to maintain the status quo: the changes will be felt in the spring of 1987. The problem is that the orchestras are already planning their 1987-88 seasons. What should they do? Is it better to draw up an imaginative programme which will score high points for musical enterprise but attract a poor box office, or should they put on popular concerts which bore the Arts Council but please the paying public?

The answer is that the orchestras—the Royal Philharmonic, the London Philharmonic, the Philharmonia and the London Symphony—will try to square the circle and do both although, even with a full house, they still lose £5,000 on an average Festival Hall concert, while anything more challenging can cost them £15,000.

The four orchestras provide a rich, if predictable, diet of music throughout the year. No other major city can boast two, let alone four, orchestras of international reputation. Their annual budgets range between the £3.3m claimed by the RPO (which produced a 1984-85 surplus of £10,000) and just over £2m for the Philharmonia. In theory they should be able to survive without the £900,000-plus subsidy they share, but in practice their accounting is so finely balanced that the loss or reduction of this aid can only lead to a mundane musical scene in London.

Already the orchestras claim that they cannot afford to attract leading international soloists and conductors, who can earn four times as much for a New York appearance: Kraemer, Maazel, Mehta are just some of the names rarely seen now in London. The orchestras are also agonising about whether to proceed with imaginative programmes. The Philharmonia, for example, has planned five concerts of French music under the title of "Après l'après-midi" and the baton of Simon Rattle. But it will cost the orchestra £60,000 to mount and if it cannot find sponsors for all concerts, or extra Arts Council aid, it may have to curtail the venture.

The crunch will come after April, and the start of the next financial year. The Arts Council might not be able to tell the orchestras before March how much subsidy they will get in 1986-87: it seems certain to be reduced. This is when the cancellations will start.

There is very little fat remaining. The players of the LSO have had no increase in their fees for two years; the RPO last season played nearly 700 three-hour working sessions, more than any other major orchestra in the world; the Philharmonia has concentrated on sponsorship to stay afloat and, thanks to a £400,000 grant from Nissan UK over the next four years, has been able to promote subscription concerts and fill the Festival Hall; the LPO has a more popular programme.

The orchestras are cutting back on their own concert promotions in London, preferring to take a fee from independent promoters like Raymond Gubbay. When they are financed directly by the Arts Council they will probably perform even less frequently, looking towards more commercial work, like film-track recording and "pop" classics, and sponsored tours, for their income.

It may be no bad thing that the old system is breaking down: it has been said that it led to a remorseless inevitability on London music. To an extent the pressure on the orchestras to become more marketing-conscious and competitive has led to improvements—for example, the spate of special festivals, most notably the Mahler series by the LSO, and the RPO's own promotion of summer music on the South Bank. Sponsors have rallied round—the RPO aims for more than £500,000 from this source in 1985-86—and sponsors are beginning to appreciate orchestras that plan interesting events which get a good critical press as well as the safe diet of Beethoven and Chaikovsky.

It is possible to imagine a musical scene emerging which would fit in with the ideas of the new South Bank Board as it takes control next April. More festivals devoted to individual composers or periods of history; more concerts organised by commercial promoters; an Arts Council subsidy concentrating on regional touring and the playing of commissioned work; a closer relationship with sponsors. It is not a depressing scenario.

Antony Thorncroft

Video

A month of legends

THE AGE of the mini-series is upon us—from *Shogun* to *The Far Pavilions*—and it is becoming a genre in which you are likely to get as much romance, spectacle and adventure as in all but the costliest feature films.

When was a movie last as lavish as *Marco Polo* (Columbia/RCA)? This Italian-American-Chinese collaboration, brainchild of Italy's RAI TV company, unspools in three parts over 7½ hours, stars virtually the whole of Hollywood (and Rome and Peking) and tells you all you wished to know about the 13th century Venetian explorer who went to China and discovered *(inter alia)* paper currency, block printing and pasta.

In and around a sumptuous mock-up of St Mark's Square we watch young Marco grow up from a little atom pestering the pigeons into handsome Ken Marshall (of *Krull*). In a Caravaggio-lit bedroom we are invited to shed a tear with Marco over the death of Ma Polo (Anne Bancroft). Soon we meet Pa Polo just returned from the East, who bears the unmistakably crazed and gritty features of Denholm Elliott and is keen to make sure we have got our bearings absolutely right vis-à-vis which Khan is in charge in China ("No, not Genghis, his grandson Kubla"). In no time Marco is begging Dad to take him on the next trip East, and they obtain the approval and sponsorship of Doge John Gielgud and Pope Burt Lancaster. Pausing only to recruit Oscar-winning F. Murray Abraham as the party's comic relief (the "rumbustious Jacopo"), we are off to China via Afghanistan, Tibet and Leonard Nimoy as an Eastern warlord (minus bat ears). Once there, even more pageantry unfurls, involving Mongol horsemen, Great Walls of China, snake illusionists, battles and even a dash of Peking Opera.

The dialogue may sometimes be taken with a pinch of salt ("You must be out of your mind, Marco") and an historical purist I know has called the film a load of old Kublaa. But who can gainsay the spectacle, the music (by Ennio Morricone), the omni-stellar cast or the clear determination of absolutely everyone to have a good time?

Anne Bancroft, fresh from pegging out in the Polo master bedroom, does more dying in *Garbo Talks* (Warners), the most intriguing off-the-shelf-and-into-video film of the month. After a sticky start, writer Larry Grusin and director Sidney Lumet thump comic life into the tale of a Yiddisher Mama (Bancroft) who finds she has cancer and wants—her last wish—to meet Greta Garbo. Can her loving but harassed son (Ron Silver) pull it off? The film gathers mirth and charm as it goes along and positively races into the finishing tape with La Garbo (or a lookalike) swanning into view as a husky-drawling *deo ex machina*.

It is definitely a month for legends. From Polo and Garbo 'tis but a short step to James Dean, whose three features *East of Eden*, *Rebel Without A Cause* and *Giant* are now handsomely issued in video (Warners). From the Method of Dean it is a hop and skip to the Madness of Monty Python, today's greatest comic legend now gloriously available from the BBC (Series Two, including the Ministry of Silly Walks and the Spanish Inquisition). And from the Absurdism of Python it is but a brief dark plunge into the poetic Nihilism of William Burroughs, the man and the myth rolled up together in the month's most bizarre video: *The Final Academy Documents* (Ikon), a twinning of the Burroughs-Antony Balch avant-garde short *Towers Open Fire* with other footage by and/or about the writer.

Nigel Andrews

Radio

War wagers

IT WAS terrifying to hear strategic theories for nuclear warfare discussed by their original advocates as if they were chess moves. Michael Charlton's six-part series *The Star Wars History* gave us Robert McNamara, Defence Secretary to Presidents Kennedy and Johnson, and Dean Rusk, Secretary of State, replaying their old fixtures against the Russians, in which they admit frankly that neither side even began to understand the arguments of the other.

In the 1960s, the U.S. thought defence against nuclear attack unrealistic and settled for deterrence, or Mutually Assured Destruction. The Russians preferred anti-ballistic missile defences, provoking the U.S. into increased nuclear availability and the consequent arms race. Now, under President Reagan, the U.S. has come round to a belief in defence, thus reversing the situation of 20 years ago. This gripping programme went out on Radio 3 at 5.15 pm, and there are five more to come. This kind of argument seems to be worth 10 times as much as a film imagining a life after nuclear attack. Like the original atom-bomb, nuclear warfare can only be tried in theory. Practice is too destructive.

David Rudkin's play *Ashes*, well done on Radio 3 on Wednesday with Sean Barrett and Lynn Farleigh as a childless couple, is ideal radio material. It is about the couple's struggle to produce a baby, and we hear every move from the first copulation onwards. Specialists prescribe one humiliating procedure after another. When at last pregnancy arrives, it turns out unsatisfactory and ends in stillbirth. There remains adoption to be tried; but they are interviewed by the relevant officials and found unsuitable, no reasons being given.

Some of the medical detail would seem squalid if it were not so sensitively presented, but Mr Rudkin's writing, alternating naturalism and soliloquy, brings pathos and poetry into the tale, and the performances were matchless. Marilyn Imrie was the director.

The new Sunday classic serial, Charlotte Bronte's *Shirley*, adapted by Betty Davies, began with a single gunshot to launch us into the Luddite troubles around Robert Moore's mill, but went on with romance between Moore (Neil Caple) and Caroline (Helena Breck) in counterpoint with the wicked framebreakers. Of Shirley (Moir Leslie) we have heard little so far. Worth following up.

Radio 4 began a series on Sunday called *Rebels* with half-an-hour on Albert Luthuli. Luthuli ran the ANC in the 1950s on devout Christian and anti-Communist lines and retired when, after Sharpeville, he lost his faith in peaceful action. Hugh Sykes, the presenter, has chosen an odd lot of rebels. Next week, Modigliani, then Henry Miller, Dorothy Parker, Joe Orton. He can only co-ordinate that group in quite a superficial way, and he only gave Luthuli a fairly superficial examination.

Remembered as a Rebel without a Cause is James Dean, and with its usual obsession with anniversaries, Radio 4 gave us a piece on him to mark the 30th anniversary of his fatal motor accident. He is the only actor of whom I have seen every starring film. He was smashing in the first two, out of his depth in *Giant*; and by all accounts a fairly tiresome young man. However, he set the pattern for Western adolescents for the next half-century, an achievement, if not one to be very proud of. A better actor and a greater man, Alec Guinness, was remembered in Monday's *Kaleidoscope*, less flamboyantly, far more interestingly.

Sir Alec was wonderfully relaxed and untheatrical, as indeed he so often is on stage. Among his recollections, we heard him as Harcourt Reilly in *The Cocktail Party*, as the colonel on the bridge in *The Bridge over the River Kwai*, and, supremely well, as Henry VI pretending to be a shepherd.

B. A. Young

WEEKEND FT

Private view

Read all about it

THERE cannot be many people prepared to buy a Piper Cherokee with only one careful owner, let alone a magazine about it. Yet *Used Boats and Planes*, launched in May, has indeed taken off and is soaring away into the dizzy heights where its owners start to see a return on capital.

Its success will be envied by backers of a host of new titles just coming on-stream — enough to fill half a newsagent's shop and leave precious little room for regulars such as *Roy of the Rovers* and *Practical Woodworking*. As established magazines are raising cover prices—*Poultry World* from 65p to 75p, still chickenfeed compared to *Marxism Today*, up 10p to 85p in accordance with the capitalist profit motive—the entrepreneurs behind a new publication will often throw half a million pounds and more into the launch.

That does not seem to have deterred the backers of *Repeat*, a glossy monthly scheduled for the end of October. The editorial team, with far less cash under its belt, boasts experience on the prestigious *Lipstick* and aims at readers between 18 and 30 (as do most periodicals apart from *Roy of the Rovers* and *Poultry World*). It is unisex and you can't miss it: "The cover will probably have a picture of both a man and a girl on it."

One enormous section of the market is very far from unisex, instead discriminating firmly in the female direction and ranging from *Woman's Journal* (up from 70p to 80p) to *Harpers & Queen* (also up 10p, now totalling £1.70p).

Elle is a magazine to which many have been exposed, like it or not; specimen copies are being smuggled into unsuspecting homes under cover of the *Sunday Times Magazine*. The editor's big selling line for when *Elle* stands on its own two *pieds*: guaranteed no articles on women's orgasms.

"There's now a new breed of reader with no special magazine catering for them," she has stated. "No, there's not," said W. H. Smith's man in Peckham, South London, adding: "I don't think it will sell. Not around Peckham, anyway."

It is all a matter of taste: and indeed *Taste*, which is a cookery monthly, is due to come to the boil early next year. It is designed to appeal to "ABC1 housewives between 25 and 44," which is a very precise form of targeting; what's wrong with being 45 years of age? Is there a law against being 24½?

An even more precise market is seen for next month's baby, *Cachet*: "The 1.5 million ABC1 women who take at least a size 18 dress." How the size of the typical reader will be referred to with tact remains to be seen. At least the publication is not marketed as *Fatty* or *Larger Woman's World*; but the real gap in the market must be that of the down-market male with trousers measuring more than 38 in around the waist (unless of course, *The Sun* is thought to have this readership sown up).

A waist of around an inch is possessed by the subject of another October arrival, *Barbie*. You've got the doll, is the selling point; now read the comic.

One way of doubling the potential readership is to come out in two languages. *Asian Trader* plans to be bilingual—English and Gujarati—and looks like being *the* magazine of the Asian retail business.

Best of all is to concentrate on a speciality so specialised that no one has been there first. *Express* is nothing to do with America but claims to be breaking new ground in concentrating on the express parcels and courier service, "with particular emphasis on cost comparisons and delivery times." Sounds as if it can't fail.

It is not, however, very interesting. It is unlikely to drag readers away from old favourites such as *Family Tree Magazine* (up 15p to £1). Or from something entitled *One . . . Two . . . Testing*. I do not know what that covers, but I do know that it's just gone up from £1.20 to £1.40.

Jonathan Sale

Godfrey Hodgson meets Tranmere Rovers on the bottom rung

A long haul to solvency and glory

FOR MILLIONS of British families, the voice intoning the football results is no more than an unnoticed part of the ritual that is an autumn Saturday afternoon. And all but a few hundred listeners, perhaps, have mentally switched off before the announcer, half-way down the Fourth Division, reaches: "Exeter City one; Tranmere Rovers, nil."

This is the basement of professional sport, where the dispiriting struggle is on each week to stay out of the bottom half of the lowest division. Where the fear of falling through the floor of the professional game altogether can loom larger than the hope of making the long, hard climb to solvency and glory.

Who cares? Frank Worthington cares, for one. At 36, he has just got his first job as a manager at Tranmere—the Merseyside club's ninth since 1946. He always hopes to be a manager, and this was his first chance. He doesn't intend to waste it.

Worthington is a player/manager—with money for only 15 professionals on the books, that saves a wage. But it is tough when you have to train in the morning, do administrative work all afternoon and then play a hard game under the lights in the evening.

He had a few games for England as an accomplished striker with an educated left foot. He might have had more, say the pundits, if he hadn't won the reputation of being a bit too outspoken.

As a player in the Fourth Division, he is still good enough to have scored 10 goals in as many games. In fact, against Exeter he looked a bit like Oistrakh playing in a palm court in Harrogate. The boys ran hard for him, but he kept playing deft little glancing headers or chipping stylish balls to where someone ought to have been but wasn't.

The Rovers may not be the most famous football club in the land. But for that very reason their ground at Prenton Park, Birkenhead, is a good place to observe the realities of the British professional game without the hype of most sports reporting on the one hand, or hysteria about hooligans on the other.

Hooligans are not a big problem at Tranmere. With gates this year averageing about 1,500 for a ground with a capacity of 18,000, there are hardly enough people at the matches to cause trouble. If a visiting team brings 300 fans with it, that is highly satisfactory.

True, they have to take the nets down from the goalposts during the week to stop them being stolen, but that is just because local teenagers can squeeze in to the ground and steal them.

Part of the Rovers' problems are those of any Fourth Division club, squeezed between falling gates and rising costs. But at Tranmere these common maladies are made worse by the difficulties of sharing a city with two of the strongest football teams in Europe — Liverpool and Everton.

Tranmere is, with Wallasey, the old, inner city bit of Merseyside on the other side of the water from Liverpool. Although about half a million people live on the Birkenhead side of the Mersey, few of them identify with Tranmere Rovers.

Instead, they wear either the red of Liverpool, who won the league the year before last, or the blue of Everton, who won it last year. And these days, both the Liverpool ground at Anfield and Everton's at Goodison Park are minutes from any part of the Wirral by motorway and road tunnel.

"Tranmere Rovers may not be the most famous football club in the land. But for that very reason their ground at Prenton Park, Birkenhead, is a good place to observe the realities of the British professional game . . ."

The club celebrated its centenary in 1982, a year after it came close to financial collapse, when the directors realised they were in danger of trading insolvently.

There was a public appeal and an increase in share capital; many of the shares had been held in families in small packets for many years. There were fund-raising matches against Manchester United and Wolves, but they were not well-attended.

To survive, the club had to sell off some of its most valuable assets. These included land that now carries a bowling green and a smart modern pub.

In several respects, however, life is less bleak at Prenton Park than at other clubs in the North of England. For one thing the ground itself is relatively modern. The main stand was built in 1968 and there are adequate, though hardly luxurious, offices and dressing rooms underneath it.

Since the Bradford fire disaster, Wirral council has closed both the smaller stand and the open terracing at the south end on safety grounds. However, club officials feel this is both unnecessary and unfair.

No one could say the council does not want Tranmere to survive, though. At the time of the financial crisis it lent the club £200,000.

Even then, the club might still not have made it if help had not arrived from an unexpected direction—Ken Bracewell, who as a young professional played for Tranmere in the 1950s.

Bracewell moved on to first division football at Burnley and, later, to play and manage teams in North America. In California, he met a wealthy San Francisco lawyer, Bruce Osterman, whose three sons played soccer at school and who, in his own words, is "soccer mad."

Osterman decided—at Bracewell's prompting—that with the franchise for a professional soccer team in California alone costing $1m or so, and running costs likely to come to many times that figure, he might get as much fun for less money by controlling Tranmere. In July 1984 he bought the equity in Tranmere Rovers Football Club, which is a public limited company, for an undisclosed sum believed to be about £200,000.

"We said we would give it three years," says Bracewell, who is in charge between Osterman's three or four visits a year. Their strategy for success means three things.

First, the club must win promotion to the Third Division; and, second, it must improve its gates. To do that, Tranmere play as many matches as possible in the evening, so that people who watch Liverpool or Everton at the weekend can still watch the Rovers on a week-night.

Third and almost more important, that means changing attitudes to Tranmere, both inside and outside the club. In turn, this means local people must feel some justified pride in the kind of football the club plays.

Hiring Frank Worthington, who arrived in the summer, was a step taken with that last end in view—reaching the Third Division is crucial. For one thing, Ken Bracewell estimates that going up in itself would add 1,000-1,500 spectators to the gate, taking it close to the 3,000-plus the club needs to feel comfortable.

The gate is crucial for psychological reasons. But it does not, in fact, provide as high a proportion of Tranmere's revenues as an outsider might suspect.

In 1984-85 the club's income came to £233,000 (down from £254,000 in 1983-84). Gate receipts from all matches came to £67,724—or roughly a quarter, to which might logically be added the £10,000 the club raises by selling season tickets and vice-presidentships.

Gate money and season tickets together were comfortably exceeded in 1984-85 by the money the club got from the Football Association and Football League pool and the 4 per cent levy (£57,000), and from broadcasting and TV fees (£29,000). Since the cameras are rarely seen at Prenton Park, those are essentially nourishing crumbs thrown from the table of the rich clubs which are regularly seen on The Big Match and Match of the Day.

Or rather were regularly seen on TV until negotiations broke down this year. If it had not been for that problem, Norman Wilson, the club secretary, reflects ruefully, "we would have had £40,000 in our bank account by now."

Although—unlike some clubs with six-figure debts—Tranmere has money in the bank, the money is desperately needed. For although the club has managed to hold expenditure to £315,000, a few thousand pounds below the previous year's figure, with income down that still left a net loss for the year of £82,000—more than one-third of revenue.

Indeed, players' wages and staff salaries alone added up to more than £250,000, or more than total revenue. And there was nothing luxurious about that.

The total of 15 professional plus player-manager (Worthington), and an assistant manager who can play if needed, leaves precious little cover against injuries (the tackling by Fourth Division defences can be murderous) or a flu epidemic. For the rest, the staff comprises a commercial manager with an assistant, a secretary, a part-time handyman, a physio, tea lady, and two groundsmen (one on a Youth Opportunity grant).

Last, but by no means least because in a sense the survival of the whole operation depends on them, there is chief scout Colin Macdonald, who played for Burnley and England in the 1950s (whom Bracewell calls flatly: "The best scout in England") and a youth team coach to help him. They are in the absolutely vital business of discovering new talent on the comprehensive school fields of Merseyside and further afield.

That means not only finding good young players, but also persuade them to come to Tranmere instead of to what teenagers understandably see as the greener grass at Liverpool or Manchester United.

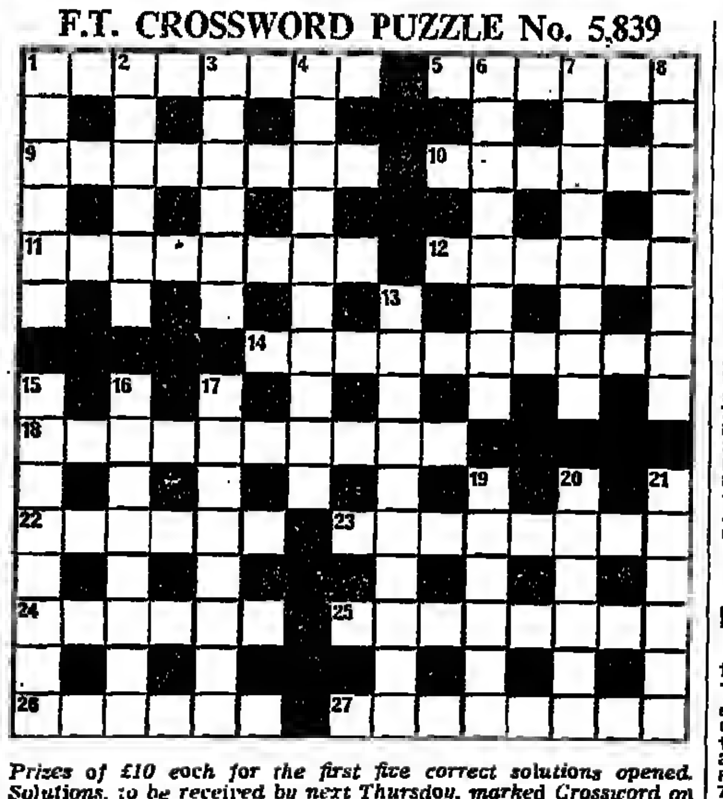
There have been others. Roy McFarland went on from Tranmere to captain England; and Steve Coppell moved to Old Trafford and became a household name. When that happens, the lucky club can negotiate a share of their future transfer fees in the original sale.

Meanwhile, Tranmere and other Fourth Division clubs know only too well that if they do manage to put a good team together and develop brilliant players, they will have to sell them and start all over again.

That is why Frank Worthington uses his head to save his 36-year-old legs, and keeps flicking those elegant passes in the hope that someone will help him get those goals.

Frank Worthington, manager of Tranmere, with his team

F.T. CROSSWORD PUZZLE No. 5,839



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

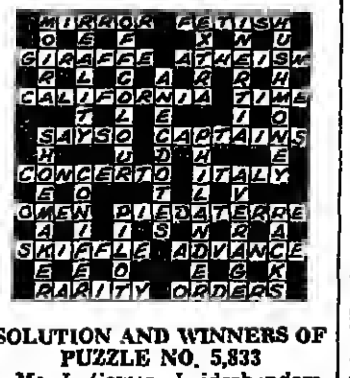
ACROSS

1 Negotiate for reply to be included in pamphlet (8)
5 Horses standing firm (6)
9 Stop for a time to find some winter mittens (8)
10 Pet performing in group composition (6)
11 Just the type to brazen things out? (4, 4)
12 Current calling for master-switch (6)
14 Unhappiness at what underworld contains (10)
18 Free from suspicion of having no very close followers? (2, 3, 5)
22 Effect of deed on child (6)
23 Positive of making us able to reform (8)
24 Terribly sad to joke about nervous twitch (6)
25 Air-force groups capturing local prizes (8)
26 Staggered to see fish in colour (6)
27 Part of washing-machine likely to cause trouble? (8)

DOWN

1 Heroine of attempt to swallow one pound (6)
2 Old German leader upsetting boxer after a race (6)
3 Struggle to put street firs out (6)
4 Fur useful when cold in country (10)
6 Standing round in negotiation (8)
7 Beaten like certain fish (8)
8 Meets at one perhaps for judgment (8)
13 Sporting way of dealing with eggs? (10)
15 Departmental head has one in church (8)
16 Amount deducted from pay for obstruction (8)
17 Give word-picture of French writer (8)
19 Overhead grid as engine-cover (6)
20 Cloth-plant (6)
21 Problem one may have about trees perhaps (6)

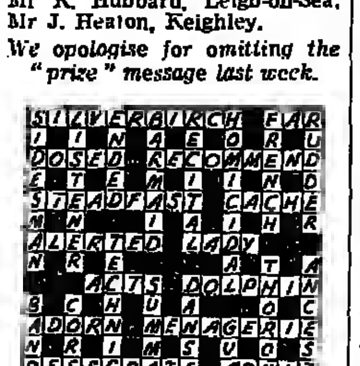
Solution to Puzzle No. 5,838



SOLUTION AND WINNERS OF PUZZLE NO. 5,833

Ms J. Gower, Leidschendam, Netherlands; Mrs L. Wells, Woodbridge, Suffolk; Mrs M. McGivern, Newcastle-upon-Tyne; Mr K. Hubbard, Leigh-on-Sea; Mr J. Heaton, Keighley.

We apologise for omitting the "prize" message last week.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am What-A-Mess. 8.35 Children of Fire Mountain. 9.00 Saturday Superstore. 12.15-5.05 pm Grandstand including 12.50 News Summary: Athletics from Australia. Football Focus; Motor Racing from Brands Hatch and San Remo; Racing from Chepstow at 1.30, 2.05 2.40 and 3.10; and at 4.40 Classified results.

5.05 News. 5.15 Regional programmes. 5.20 The Tripods. 5.45 Terry and June. 6.15 The Noel Edmonds Late Late Breakfast Show. 7.05 Bob's Full House. 7.40 Juliet Bravo. 8.30 The Paul Daniels Magic Show. 9.15 News and Sport. 9.30 Film: "The Blue Lagoon," starring Brooke Shields and Christopher Atkins. †11.10 Saturday Movie Classic: "I Am A Fugitive from a Chain Gang," starring Paul Muni.

BBC 2

10.35 am-1.30 pm Open University. †1.50 Saturday Cinema Double Bill. "Contraband," starring Conrad Veidt and Valerie Hobson and at 3.20 "A Canterbury Tale," with Eric Portman. †5.20 Harold Lloyd's World of Comedy. 5.55 The Twentieth Century Remembered. 7.25 News and Sport. 7.40 Saturday Review. 8.30 Bernstein on Mahler. 9.25 Harty Goes To . . . Venice. 9.55 Open Space Special: Vietnam-Talking to the People. 10.50-12.40 am American Film Theatre: "Rhinoceros," starring Zero Mostel and Gene Wilder.

LONDON

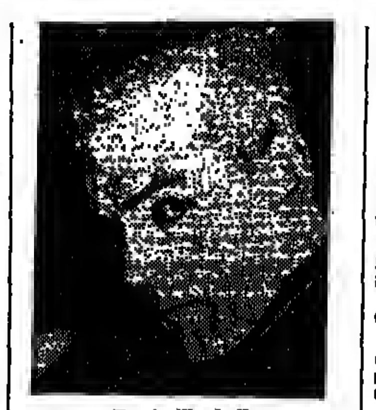
6.55 am TV-am Breakfast Programme. 9.25 TX. 10.30 Athletics: The IAAF World Cup from Canberra, Australia. 11.00 The Baron. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Snooker (Goya Matchroom Trophy). 4.15 Benson. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Russ Abbot's Madhouse. 7.30 3-2-1. 8.30 Dempsey and Makepeace. 9.30 News and Sport. 9.45 LWT News Headlines followed by Snooker (Goya Matchroom Trophy). 12.15 am Studio One—In Concert with The Armoury Show. 12.45 Police Squad. 1.10 Night Thoughts with Jonathan Perritt.

CHANNEL 4

1.15 pm Murun Buchstansangur. 1.20 Channel 4 Weekend Racing from Newmarket and Haydock. 13.30 "The Spoilers" starring John Wayne with Randolph Scott, Marlene Dietrich and Margaret Lindsay. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 The Corries & Other Folk. 7.00 News Summary followed by 7 Days. 7.30 Union World. 8.00 Beats of the Heart. 9.00 Upstairs Downstairs. 10.00 Hill Street Blues. 11.00 Coming Next . . . †11.30 "The Black Cat" starring Boris Karloff. 12.45 am The Paul Hogan Show.

S4C WALES

1.20 pm Racing from Newmarket and Haydock. 3.35 The World—A Television History. 4.05 Transatlantic Diary. 5.00 Gardners' Calendar. 5.30 Upstairs Downstairs. 6.30 Class of '39. 7.00 Newyddion Saith. 7.15 Ar y Ffordd. 7.45 Tare Bargen. 8.15 Chateauvallon. 9.15 Y Maes Chwarae. 10.05 Beats of the Heart. 11.05 Feature Film: "September 30, 1955."



Boris Karloff, Channel 4, 11.30 pm

REGIONS

IBA Regions as London except at the following times:—

ANGLIA

11.00 am Otherworld. 4.15 pm Small Wonder. 12.15 am At the End of the Day.

BORDER

11.00 am Otherworld. 4.15 pm A Small Wonder.

CENTRAL

11.00 am Chips. 4.15 pm Small Wonder.

CHANNEL

9.25 am Cartoontime. 11.00 Puffin's Pla(i)ce. 11.05 Tarzan. 11.58 Channel Islands Weather Summary. 4.15 pm Small Wonder. 0.05 Puffin's Pla(i)ce.

GRAMPIAN

11.00 am I Want to be . . . a Pop Star. 11.30 Fireball XL5. 4.15 pm Small Wonder. 12.10 am Reflections.

GRANADA

11.05 am Otherworld. 4.15 pm Diff'rent Strokes. 12.15 am Late Night Movie: Robert Conrad and Jeanette Comer in "Five Desperate Women."

HTV

11.00 am Cartoon Time. 11.05 Otherworld. 11.58 HTV News. 4.15 pm Happy Days. 12.15 am Party with the Rovers.

SCOTTISH

11.00 am Canadian Wildlife. 11.15 The Glen Michael Cavalcade. 4.15 pm Small Wonder. 12.15 am Late Call.

TSW

9.25 am Fisheries News. 11.00 Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW Regional News. 4.10 pm Small Wonder. 5.05 Newsport. 8.10 Blockbusters. 12.15 am Postscript.

TVS

11.00 am The Fantastic Four. 11.25 Dreams. 11.57 TVS Weather. 4.15 pm Small Wonder. 12.15 am Company.

TYNE TEES

11.00 am Morning Glory. 11.05 Chips. 4.15 pm Small Wonder. 12.15 am Poet's Corner.

ULSTER

11.58 am Lunchtime News. 4.15 pm Small Wonder. 4.55 Sports Results. 5.03 Ulster News. 9.42 Ulster News. 12.15 am News at Bedtime.

YORKSHIRE

11.00 am The Greatest American Hero. 4.10 pm Small Wonder. 12.15 am Festival Folk.

RADIO

(S)—Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Time (S). 1.00 pm The News Headlines. Sounds of the 60s (S). 11.00 Album lines. 1.30 Sport on 2, including Football; Racing from Newmarket at 2.20, 3.05 and 3.40; Tennis: (Davis Cup European Zone Final between Great Britain and Israel): Motor Sport; Golf, and at 5.00 Sports Report. 6.00 Folk on 2. 7.00 Jazz Score. 7.30 Gala Concert from Bexhill (S). 9.30 String Sounds (S). 10.02 Sports Desk. 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Bill Rennells presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (s). 8.00 News. 8.05 Record Review (s). 10.15 Stereo Release (s). 11.15 National Symphony Orchestra of Washington, DC (s). 11.45 Interval Reading. 1.00 pm News. 1.05 Heinrich Schutz (s). 1.40 English Fancies (s). 2.00 From the Heart of Europe (s). 5.00 Jazz Record Requests (s). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (s). 7.10 The New Dress (short story by Virginia Woolf). 8.20 Britain's Vietnam War. 8.40 Swansea Festival Part 2: Brahms (Symphony No 1) (s). 9.35 Mozart and Beethoven piano recital by Robert Taub (s). 10.15 Handel's Water Music (s). 11.00 Chamber music by Parry and Josef Holbrooke (s). 11.57-12.00 News.

RADIO 4

7.00 am News. 7.10 Today's Papers. 7.10 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Paper. 8.15 Sport on 4 with Tony Lewis. 8.48 Breakaway, including 8.57 Weather; Travel and 9.00 News. 9.50 News Stand. 10.05 Conference Special. 10.30 Pick of the Week (s). 11.30 From Our Own Correspondent. 12.00 News: Money Box at Money Eighty Five. 12.27 pm The News Quiz (s). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (s). 3.00 News; International Assignment. 3.30 The Saturday Feature. 4.15 Home-ing In. 4.45 An Infamous Address. 5.00 Wildlife (s). 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sport, Roundup. 6.25 Explorers Extraordinary (s). 7.10 Stop The Week with Robert Robinson (s). 7.45 Baker's Dozen (s). 8.30 Saturday-night Theatre (s). 9.58 Weather. 10.00 News. 10.15 Evening Service (s). 10.30 Soundings. 11.00 Science Now. 11.30 In One Ear (s). 12.00-12.15 am News.

SUNDAY

BBC 1

† Indicates programme in black and white

8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Bigamo. 10.55 Deutsch Direkt. 11.20 Télé-Journal. 11.45 Blizzard's Wonderful Wooden Toys. 12.10 pm Wise Choice. 12.35 Farming. 12.58 Weather News For Farmers. 1.00 This Week, Next Week. 1.56 Cartoon. 2.00 EastEnders. 3.00 Cartoon. 3.05 Film: "All The Brothers Were Valiant," starring Robert Taylor and Stewart Granger. 4.40 Moment Of Truth.

5.10 pm Antiques Roadshow. 6.50 Watchdog. 6.20 Write Now. 6.30 News. 6.40 Songs of Praise. 7.15 Open All Hours. 7.45 Howards' Way. 8.35 Whicker's World. 9.30 In Sickness And In Health. 10.00 News. 10.15 Heart Of The Matter. 10.50 Glass. 11.15 The People's Schools.

BBC 2

1.55 pm Sunday Grandstand including Motor Racing, Horse Riding and Athletics. 5.25 Contemporary Mozart. 6.00 News Review. 6.30 The Money Programme. 7.15 The Natural World. 8.05 Harty Goes To Venice. 8.35 Theatre Night: "Thunder." 10.15 Grand Prix. 10.55 Film: "Zandy's Bride," starring Gene Hackman. 12.30-12.40 am Music at Night.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake up London. 9.35 Woody and Friends. 9.45 Augie Doggie. 10.00 Morning Worship. 11.00 Getting On. 11.30 Ulster Landscapes. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 LWT News Headlines followed by Athletics (the IAAF World Cup). 2.00 The Human Factor. 2.30 Snooker (Goya Matchroom Trophy). 6.00 Bullseye. 6.30 News. 6.40 Highway. 7.15 Albion Market. 7.45 Me and My Girl. 8.15 Live from Her Majesty's. 9.15 All Star Secrets. 9.45 News. 10.00 A Fine Romance. 10.30 The South Bank Show: Alec Guinness. 11.30 LWT News Headlines followed by South of Watford. 12.00 American Documentary. 12.55 am Night Thoughts with Dr Sheila Cassidy.

CHANNEL 4

1.05 pm Irish Angle presents Honda. 1.30 Face the Press. 2.00 Pob's Programme. 2.25 "I Love Melvin," starring Donald O'Connor and Debbie Reynolds. †3.50 "Boys Will Be Boys," starring Will Hay and Gordon Harker with Jimmy Hanley. 5.15 News Summary followed by Roy and Bob. 6.00 American Football. 7.15 The Heart of the Dragon. 8.15 The Jewel in the Crown. 8.15 "The Knot Garden" (Sir Michael Tippett's Opera. 11.00 Snooker: Goya Matchroom Trophy.

S4C WALES

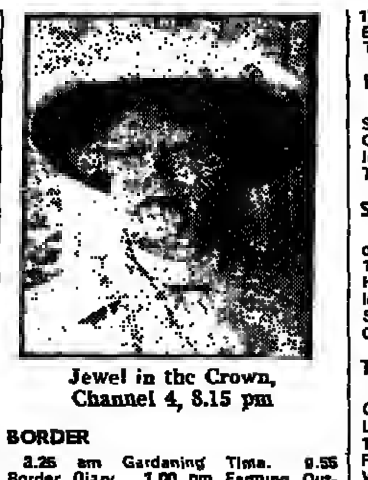
2.25 pm Union World. 2.55 Henry Cooper's Golden Belt. 3.50 Coping. 4.20 At the Cinema Palace. 5.20 Multinationals. .00 American Football. 7.15 Hanner Dwsin. 7.20 Newyddion. 7.30 Rosalind a Myrddin. 8.00 Rhaglen Hywel Gwynfryn. 8.35 Dechrau Canu, Dechrau Canmol. 9.05 The Jewel in the Crown. 10.05 Dennis O'Neill: Tenor. 1.00 Snooker: Goya Matchroom Trophy.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.30 am Ar Noms With . . . 1.00 pm Farming Diary. 1.25 Weather Trends. 11.30 Night Bomber. 12.30 am Return to St Helena.



Jewel in the Crown, Channel 4, 8.15 pm

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Farming Outlook.

CENTRAL

9.25 am The Adventures of the Mouse on Mars. 9.30 Captain Scarlet and the Mysterons. 1.00 pm Here and Now. 2.00 The Human Factor. 11.30 London Calling.

CHANNEL

12.55 pm Today's Weather. 12.56 Starting Point. 1.00 Link. 11.30 Quincy.

GRAMPIAN

9.25 am Cartoon. 9.30 The Adventures of Gulliver. 10.00 Sesame Street. 1.00 pm Farming Outlook. 2.30 Scotsport. 3.30 Snooker. 11.30 The Bradbury Trilogy. 12.00 Reflections.

GRANADA

9.25 am The Wonderful Stories of Professor Kitzel. 9.35 The Sea in Their Blood. 11.00 Ulster Landscapes. 11.25 Aap Kaa Hak. 11.30 Down to Earth. 1.00 pm The Protectors. 11.30 The New Avengers.

HTV

9.25 am The Get Along Gang. 9.50 Science International. 1.00 pm West Country Farming followed by Weather for Farmers. 6.38 HTV News. 11.30 The Streets of San Francisco.

SCOTTISH

9.25 am Adventures of the Mouse on Mars. 9.30 Ulster Landscapes. 10.00 Sesame Street. 11.30 The Human Factor. 1.00 pm Farming Outlook. 2.00 No Easy Answer. 2.30 Scotsport. 3.30 Snooker. 11.30 Late Call. 11.35 The New Avengers.

TSW

9.25 am Getting On followed by Getting On . . . Plus. 11.00 Ulster Landscapes. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Farming News. 11.30 The South West Week. 12.00 Postscript.

TVS

9.25 am Cartoon Compilation. 9.45 Action Line. 1.00 pm Enterprise South. 11.30 Edward Heath—The Man who went to the Country. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Getting On. 11.00 Ulster Landscapes. 11.25 Sunday Lookaround. 11.30 The Flintstone Frolics. 1.00 pm Farming Outlook. 11.30 Epilogue.

YORKSHIRE†

10.45 am Advice with Anne Nelles. 12.58 pm Lunchtime News. 1.00 About Britain. 1.28 Farming Weather. 6.38 Ulster News. 8.57 Ulster News. 11.30 Sports Results. 11.35 Festival Folk. 12.00 News at Bedtime.

ULSTER

9.25 am Regional Weather Forecast followed by Getting On. 11.00 Ulster Landscapes. 11.30 Farming Diary, and Inshore Weather. 1.00 pm The Smurfs. 11.30 Night Bombers. 12.30 am Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday (S). 9.00 Melodies for You (S). 11.00 Desmond Carrington celebrates the fourth anniversary of your Radio 2 All-Time Greats (S). 1.00 pm David Jacobs presents Two's Best (S). 2.00 Sports Special including Motor Sport; Racing from Longchamps; and Tennis. 4.30 Sing Something Simple (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Robert Docker presides at the piano. 7.30 A Box at the Opera. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Mannie Griessel at the piano. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Bill Rennells presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Mozart String Quartet (s). 8.00 Bach Cantatas 1724 (s). 8.25 Handel Sonatas and Organ Concertos (s). 9.00 News. 9.05 Your Concert Choice (s). 10.30 Hudební Tydeník. That is, "Music Weekly" with Michael Oliver on a journey through Czechoslovakia. 11.15 Boston Symphony Orchestra conducted by Ozawa, part 1: Beethoven (Piano Concerto No 1, with Serkin) (s). 11.55 Birds and a Whippet. 12.00 Boston SO part 2: Brahms (Symphony No 4) (s). 12.45 pm Beaux Arts Trio (s). 1.30 Interval Reading. 2.30 "Les Danaïdes," opera by Salieri sung in French with a cast including Jean-Pierre Lafont and Montserrat Caballe (first UK broadcast) (3.25-3.30 Interval Reading) (s). 4.40 Scriabin and Prokofiev piano recital by Noemy Belinkaya (s). 5.15 The Star Wars History (s). 6.00 The Fires of London part 1: Robert Saxton, Elliott Carter (s) 6.40 Shakespeare's Memory (short story by Jorge Luis Borges). 7.00 The Fires of London part 2: Peter Maxwell Davies (s). 7.45 "The Traveller" play by Stewart Parker (s). 9.00 Beethoven and Bruckner BBC Symphony Orchestra in a deferred relay from the Royal Festival Hall, London, conducted by Pritchard, part 1: Beethoven's Leonore Overture No 1 and Choral Fantasy (s). 9.35 Losing the Way. 9.50 BBC SO part 2: Bruckner's Mass No 3 (s). 11.00 Bach: Klavierubung (s). 11.57-12.00 News.

RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Robert Robinson, for the Week's Good Cause, talks about the Cystic Fibrosis Research Trust. 8.55 Weather Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 pm The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.45 Showing the Works. 4.00 News: Rebels. 4.30 The Living World. 5.00 News; Travel. 5.05 Down Your Way visits Stockton-on-Tees, Cleveland. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Bookshelf. 7.00 Travel; Shadows of Doubt (S). 7.30 In Praise of God. 8.10 The War of the Worlds. 9.00 News: Shirley (S). 9.58 Weather. 10.00 News. 10.15 You the Jury (S). 11.00 Grace in the Devil's Territory. 11.15 Talk of the Town. Talk of the Country. 11.45 John Morgan on Farming. 12.00-12.15 am News.